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A conceptualized Customer Value Proposition to Corporate Micro-Customers

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Preface

To complete this study would not have been possible without the support from many people.

Sales have been my passion since youth and as working in sales organization, it seemed natural to choose as the topic of this study in relation to sales and customers. I have learned a lot during this study and I have grown as a person as well. Process was not easy, and frustration was evident sometimes but now it is time to take the next step and graduate as Master of Engineering.

The IM Master's program has been nice and a delight experience. Metropolia is a good study place and I have found the IM studies extremely interesting. I would recommend it to anyone who wants to gain their industrial management knowledge while working. All the instructors thank you, especially Dr. Thomas Rohweder and Dr. Satu Teerikangas thank you for coaching and helping me through this study.

Big thanks to Jukka Kinnunen and Jari Peltola from LocalTapiola Metropolitan Area, for guidance and support through my studies. Especially thank you for being so flexible during studies. Thanks to my team members at work who have offered me support and understood this busy early year 2016.

I have been privileged to meet such a nice student colleagues and new friends. We had a blast in EK and other events, cheers and let's keep in touch.

Finally, I want to thank you Melanie, my lovely girlfriend who has been supporting me while studying and working. Without you this would not have been possible. I know, this spring has been a rocky road but now the study is done and we can concentrate on being together. Tack bara!

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<p>The objective of this study is to establish a conceptualized Customer Value Proposition (CVP) to the case company corporate micro-customers. The case company is selling insurances to the micro-customer segment (corporate less than 10 employees) through independent sales agents. Competition in insurance market in Finland is tough and differences between insurers are small. Challenge is to keep micro-customers as customers for a longer time period and case company want to find a way how to commit micro-customers better.</p> <p>The research approach in this study is Action Research due to practical and systematic approach for finding improvements and solutions for the problems. The data collection methods include qualitative marketing researches provided by the case company and interviews of the key stakeholders. The research design follows five steps on how the objective is achieved. The Conceptual Framework of this study is based on the best practice on building CVP. The current state analysis (CSA) is done for identifying strengths and weaknesses of the current state. CVP proposal is established by connecting the CSA findings and the conceptual framework as well feedback gathered from the key stakeholders. Last step includes building the final CVP and implementing it to the daily use.</p> <p>The outcome of this study is to implement the CVP on the concept level and provide an action plan of the improvements. The CVP is established by finding a fit between the micro-customer, sales agent and case company offering. The CVP consists of key elements called point of difference, point of parity and monetary value. Based on this study, the sales agents' needs support to their daily work and by improving their role the CVP elements create superior value to the micro-customers.</p> <p>This study provided practical tools for supporting sales agents' daily work and based on it the CVP is conceptualized and improved. Based on this study the sales agents got a systematic agenda and coaching sessions to their support. This study provides an action plan which case company's top management has approved in implementing the CVP on practice.</p>	
Keywords	Customer needs, customer value proposition, insurance, micro-customer, sales agent

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1 Introduction

In Finland, the traditional insurance business is facing huge challenges due to increased competition. The industry is becoming more international and new players from abroad are entering the Finnish market. For an insurance company, attracting new customers is crucial but keeping existing customers is more important than ever. Creating value to the customers is a must and the differences between insurance companies are small. Especially in the micro-customer segment (corporate which has less than 10 employees) there is a common problem; keeping micro-customers as a customer and getting them to be committed to the insurance company. The company that is able to find a solution to this problem will have competitive edge.

To understand this phenomenon on a fundamental level, this study deals with current theories in service management, with a special emphasis on key drivers of value creation in the micro-customer segment.

The aim of this thesis is to develop a conceptualized Customer Value Proposition (later CVP) for the micro-customer segment. The case company, LähiTapiola one of the biggest insurance companies in Finland, has realized the importance of keeping the existing customers and wants to find a way to serve them and get them to commit to the company. The case company is selling insurances to the micro-customer segment through independent sales agents and wishes to differentiate itself from its rivals by identifying the micro-customer needs and meet them with the right offering. Therefore, this study explores through qualitative research methods how to make micro-customers commit to the case company in the Helsinki Metropolitan Area.

1.1 Key Concepts

For the purposes of this Thesis, 3 key concepts need to be explained.

Customer Value Proposition (CVP) is an explicit promise of delivering value to the customers made by a company. Value propositions are future value promises which customer can expect, when purchasing company's products or services.

Micro-customers are a corporate customer segment. A micro customer is company which has less than 10 employees.

A *Sales Agent* in the insurance business is an independent sales agent, who sells insurances to the micro-customer segment under the case company's brand.

1.2 Case Company Background

LocalTapiola Metropolitan Area Mutual Insurance Company (later LTMAM) was formally established in July 2015. LTMAM is part of LocalTapiola Group that consists of mutual insurance companies including LocalTapiola General, Local Tapiola Life, LocalTapiola Asset Management and LocalTapiola real Estate Asset Management and a network of 20 regional companies. LocalTapiola Group is one of the largest insurance companies in Finland. LocalTapiola's market share is almost 25 % of the Finnish insurance companies (Finassialan keskusliitto 2014). LTMAM operates in Helsinki Metropolitan area and its market share is about 20 %. LTMAM employs about 200 people and has about 170 000 owner customers. (Lähitapiola Group 2016)

LTMAM is selling insurances to the private and corporate customers. Sales to the micro-customers are done through independent sales agents. The sales agents' sells insurances under LTMAM brand but are not in employment relation with the company.

The LocalTapiola Group (2015) vision is "being the leading insurance, well-being and finance partner in Finland – close to our customers." LTMAM object is to grow its market share in the Metropolitan Area. The growth strategy is based on to getting more new customers, as well keeping the existing customers is crucial. According to CEO Jukka Kinnunen, LTMAM strives to build competitive advantage by providing the best

customer experience and by exceeding customer expectations. LTMAM wants to care about its customers and find the best way to offer superior customer value proposition.

1.3 Business Challenge

Rivalry in Finnish insurance industry is fierce, especially in the Helsinki Metropolitan area. The differences between vendors are small and every insurance company wants the same thing; keep and take care of the existing good customers. Most of the insurance companies wish to grow their market share and differentiate from rivals in somehow. Differentiating through service and creating value and benefit to the customers are key points. Profitability in the insurance business is based on volume and choosing the right, small risk customers. So commonly, every customer is important and the customer account management model for different customer segments is crucial.

The case company is selling insurances to corporate and private customers. This thesis focuses on sales to corporate customers and a specific micro-customer segment. There is a common problem in the Finnish insurance industry; micro-customers change their vendor too often. According to the CEO Jukka Kinnunen, the case company wants to get the micro-customers to commit to the case company by offering them something different than its rivals. Inside the case company, selling to this specific customer segment is done by independent sales agents. So, the scope of this study is limited to the sales agents. The case company is paying a commission to the sales agents for getting a new customer to the company. The sales agents get the commission for the first year insurance payment and after that their compensation ends. Consequently, keeping micro-customers as the case company's customers for a longer time is problematic.

Currently, the case company has realized that there is a need to identify the most important micro-customer needs, as well the sales agent needs and to make their offering match these needs. Based on the identification of the micro-customer and sales agent needs and current offering and the gap between them, the conceptualized CVP will be established.

1.4 Objective and Outcome

The case company has recognised the need for establishing a new competitive service for getting micro-customers to commit to them. Accordingly, the objective of this thesis is *to establish a conceptualized CVP for the case company to be used in offering services to the micro-customer segment.*

The research method of this study is action research and qualitative analysis. The study includes interviews with the internal stakeholders and internal material analysis such as market research material and documents provided by the case company.

In this study, a Conceptual Framework for building the CVP is defined based on the available knowledge and relevant literature about CVP. Then, a Current State Analysis is conducted in order to identify the weaknesses and strengths of the case company. In the current state analysis, the true micro-customer needs and sales agent mind-sets are identified. Additionally, the case company current offering, CVP and key competitors are analysed to find differentiators and benefits. One of the key points in achieving the object is identifying the most important features of the micro-customer needs and the sales agents' mind-sets. Based on this, a proposal for a conceptualized CVP for serving the micro-customers is created. A further objective *is to produce an action plan on what needs to be done in practice in order to make the CVP operative.*

The outcome of this study is *to establish a CVP on concept level.* In addition, a method in the form of an action plan for improvements of the case company current situation to help keep micro-customers as their customer for a longer time period and to get micro-customers to commit to the case company.

2 Method and Material

This section discusses the research approach and design used in this study. In addition, it describes the methods of data collection, including validity and reliability plan.

2.1 Research Approach

The research approach in this study is based on Action Research. Action Research is an interactive and systematic method of qualitative research, for studying organizational procedures and problems. Action research uses a scientific approach to study, it involves active participating together with people who are dealing with organizational issues directly inside the organization for finding solutions or improvements. According to Coghlan and Brannick (2010) action research is a practical method to do research, the outcomes are both an action and a research outcome unlike traditional research approaches whose aim is to create knowledge only. The researcher has two roles at the same time when performing action research, role in the organisation and research. Based on this, there is a conflict on researcher role and it is crucial that the researcher stays objective. However, role of the researcher is to research the case company's current state and make the improvement ideas for the new model to act. (Coghlan and Brannick 2010). Figure 1 below shows a picture of Action Research:

Methodology: action research

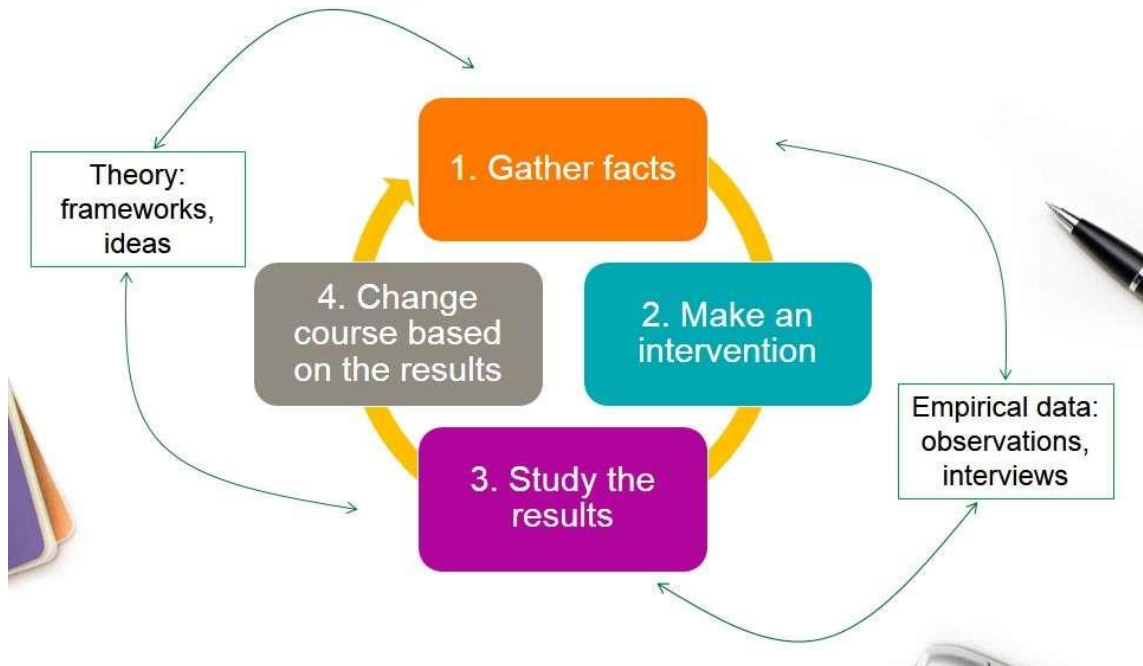


Figure 1. Methodology: Action Research (Järvensivu 2014)

As seen in Figure 1, Action Research is usually presented as a cyclical or iterative process. Firstly, according to Lewin (1958) inside the organization, there should be an identified need for a change in practice inside the organization. The process starts with the planning of actions by gathering facts and collecting data. The first step is usually to work together with the client, i.e. the case company in this thesis, and the researcher.

Secondly, the next step is making the intervention which includes the action and transformation part. Actions related to learning processes and to planning in the case company are carried out jointly with the external stakeholders in the research process. Evidence is collected in workshops and interviews and learning sessions with external and internal stakeholders in this stage. During the whole process it is important to collect feedback and exploit it. (Lewin 1958)

The last step is the result phase. Actual changes are made and action steps are taken after which the results are studied. Data is gathered and analysed again and the outcome is measured. Typically, feedback is collected and the process is revised leading to further planning. (Lewin 1958)

Action Research is used as the research method of this study because of the business problem. Observations and data collection is carried out together with external and internal stakeholders who are involved in the process to find out a solution for the business problem. Ideas and theories are developed during the process and analysed again. This study exploits the practical and interactive nature of the action research to achieve the tangible outcome, i.e. the CVP.

2.2 Research Design

The Research Design of this study is presented in Figure 2. The Research Design process includes five stages.

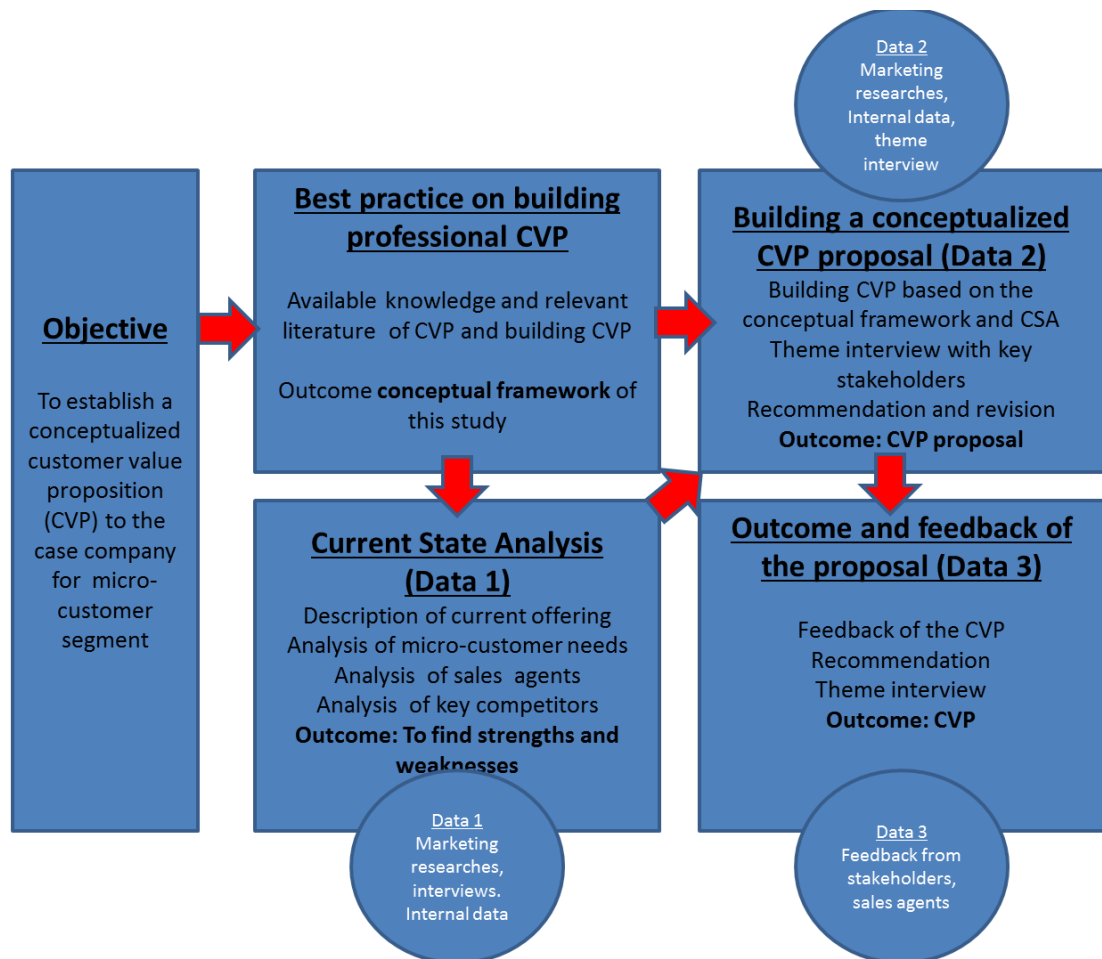


Figure 2. Research design of this study

The research design process starts with defining the challenge and objective of this study, as seen in Figure 2. The next step of the process is based on finding best prac-

tices for building a professional CVP. This stage includes the theory part, learning of available knowledge and relevant literature related to building the CVP. In this section the building blocks and elements of the CVP are described. The outcome of the second stage is the Conceptual Framework of this study.

The third stage of the design process is the Current State Analysis (CSA). The CSA starts with the description of the case company's current offering and CVP. The focus in the CSA is to determine the micro-customer needs, identify the sales agent needs and to find a fit between them and the case company's offering (Data 1). An external consultant and the case company's marketing department have conducted a semi-qualitative marketing research together already in 2014 (Appendix 1) to identify micro-customer needs and value attractions. Based on the marketing research analysis, the micro-customer needs are defined and collected. To identify the sales agent needs, three sales agents will be interviewed. One important issue is to find out what are motivation influencers of the sales agents. This stage includes as well the key competitor analysis and the case company new strategy's synergy points outlining.

In the fourth stage, Data 2 is collected. Building a conceptualized CVP proposal for the case company takes place at this stage. The gathered data will be analysed and the benefits defined together with the case company stakeholders in a workshop. The data gathered from the interviews is analysed and recommendations are made. Value Proposition Canvas tool will be used when building the CVP. Based on this knowledge the proposal of the conceptualized CVP will be established.

The last stage is the outcome. When the proposal for the CVP is introduced to the case company stakeholders, feedback will be collected (Data 3). The proposal will be revised based on the feedback and finally the conceptualized CVP will be established.

2.3 Data Collection and Analysis

In this study, data is collected from diverse sources and the data collection is divided to three different stages (Data 1, 2, 3). In the first stage, the current state analysis (Data 1) as Table 1 presents, is based on two types of data: *the sales agent mind-set identification by face-to-face interviewing. Micro-customer needs identification through the existing market research material (Appendix 1 & 2). Offering and current CVP descrip-*

tion analysis which is based on the knowledge of the market research material (Appendix 1 & 2). Data of the key competitor analysis is based on the internal documents and marketing research (Appendix 3 & 4).

	Topic	Data collection type	Informants
Data 1	Sales agent mindset identification +/-	Qualitative interviews	Sales agents
	Micro-customer needs identification +/-	Report see Appendix 1 & 2	Micro-customers
	Current CVP and offering description	Report see Appendix 1 & 2	Case company
	Key competitor analysis	Report see Appendix 3 & 4	Competitors
Data 2	Building CVP proposal and feedback	Workshop/ Theme interview	Key stakeholders
Data 3	Feedback of the CVP proposal	Theme interview	Key stakeholders

Table 1. Data collection methods

As seen in the Table 1 above, the data collection is introduced. The market research (Appendix 1) was executed as a semi-qualitative phone interview by external consultants. The object in the Appendix 1 was to identify the case company's customers and potential customer needs, value attractions and motives to choose this particular insurance company. The total number of interviews was 75, which is deemed sufficient for the purposes of this thesis and it gives reliable perspective. Based on the market research material, micro-customer needs are identified and current offering and CVP benefits are defined.

In the data collection gathered data from the other qualitative marketing research (appendix 2) is utilized as well. The data is based on the researches about the customers' evaluation of the case company's service and customers' value attractions by the external consultant. For this study, the appendix 2 is directional because there was no available data of the quantity of the informants. Thus, the data in Appendix 2 is secondary as well.

Appendices 3 and 4 are executed by the case company's marketing department. Research describes competitors and rivalry in insurance market in Finland. The information provided in Appendices 3-4 will be used to analyse the key competitors.

In the Table 2 below the appendices utilized in this study are explained.

Document (Data 1)	By	Type	Name
Appendix 1	External consultant	Semi qualitative market- ing research	Corporate cus- tomer research
Appendix 2	The case company marketing department and external consult- ant	Qualitative marketing research	Case company customer prom- ise
Appendix 3	Case company's mar- keting department.	Research	Competitor ana- lyse
Appendix 4	The case company marketing department. Internal document	Memo / Re- search	Key competitor analyse

Table 2. Appendices of the Data 1 collection

The market research materials (Appendix 1 & 2) are analysed and based on the gathered data the micro-customer needs are identified. However, the data in the market research materials is secondary data because it is provided by a consultant. Based on the data which is gathered on micro-customer needs, the sales agent interviews are formulated.

As the Table 3 below presents, three sales agents from different backgrounds were interviewed face-to-face and notes were taken. The outcome of the interviews were to find out reasons for the gaps identified between the micro-customer needs and the sales agents perspective.

For the confidentiality reasons the data of the Appendices 1-4 has been removed. The material has been presented to the instructors.

Data 1 collection. Interviewee	Type of data collection	Date and Duration
Sales agent 1	Face-to-face theme interview	25 min on 16.3.2016
Sales agent 2	Face-to-face theme interview	30 min on 21.3.2016
Sales agent 3	Face-to-face theme interview	30 min on 18.3.2016

Table 3. Interviews of the sales agents

For building a CVP for micro-customer, it is important to see if there is a link between the customer and sales agent needs because sales agents are contact persons for the customers. Per se the sales agent mins-sets are identified from the three different sales agent interviews as seen in Table 3. One part of the Data 1 collection is the description of the current offering and CVP. When creating a conceptualized CVP analysing and comparing the case company offering and micro-customer needs is needed. Based on the collected data from stage 1, the building of the CVP starts.

In the second stage, Data 2 is collected in the theme interview with the case company stakeholders. The data which is collected in stage one, is analysed and recommendations for building a conceptualized CVP proposal are made together with the case company stakeholders. Informants for the theme interview were chosen because of their key role with the micro-customers. The two sales directors are in charge of the sales agent sales channel and one sales agent was picked to find out his point of view. Sales agents' are key persons in offering customer service for the micro-customers so their opinion and recommendations are considered when the final CVP is created. Notes were taken in the interviews. Table 4 shows Data 2 collection.

Data 2 collection	Type of data collection	Date and Duration
Sales director, Sales director, Sales agent	Face-to-face theme inter- view	1h on 8.4.2016

Table 4. Data 2 collection

As explained in Table 5, the third stage (Data 3) consists of the proposal feedback collected as well as recommendations for changes. Feedback concerning the CVP proposal was gathered from the internal key stakeholders for building the final CVP. The internal key stakeholders, i.e. top management, were selected to the theme interview because of their decision maker role. In the interview notes were taken. The proposal was discussed along with the action plan to implement the findings of this study.

Data 3 collection	Type of data collection	Date and Duration
Sales Director, Corporate Business Director, CEO	Face-to-face theme in- terview / Workshop	1,5h on 20.4.2016

Table 5. Data 3 collection

2.4 Validity and Reliability Plan

To ensure the validity and reliability of this study, the researcher has a key role in building a rigorous and reliable result. According to Näslund et al (2010: 335) the characteristics for a rigorous research are that *“the research should be guided by a well documented study protocol wherein the researcher describes how the data were collected.”* In this qualitative research the data is systematically collected and documented during several months in the beginning of the year 2016. This research utilizes the action research approach and the researcher is working for the case company and has many years of working experience in the industry. Thus, the researchers' role in case com-

pany management can raise a suspicion of bias. To avoid any bias of the researcher, the research design is planned carefully by studying the limitations of the sample group and scope.

Validity in this study is confirmed with early rigorous planning of the study. Firstly, the business challenge in this study is determined together with the case company CEO Jukka Kinnunen and further consulted on with the instructor from the school Thomas Rohweder, Principal Lecturer. Secondly, the research design model is planned by the researcher to respond to a tangible business problem. By utilizing the action research approach, interviews and questions are built, based on the knowledge which is found from the market research material (Appendix 1 & 2) and internal documents (Appendix 3 & 4). In the interviews, the notes are taken to later analyze the answers. Thirdly, this study has a specific business problem of a specific case company and the object is to solve that problem. The results and outcome are analyzed together with the key stakeholders from the case company and sales agents. (Quinton and Smallbone 2006: 127)

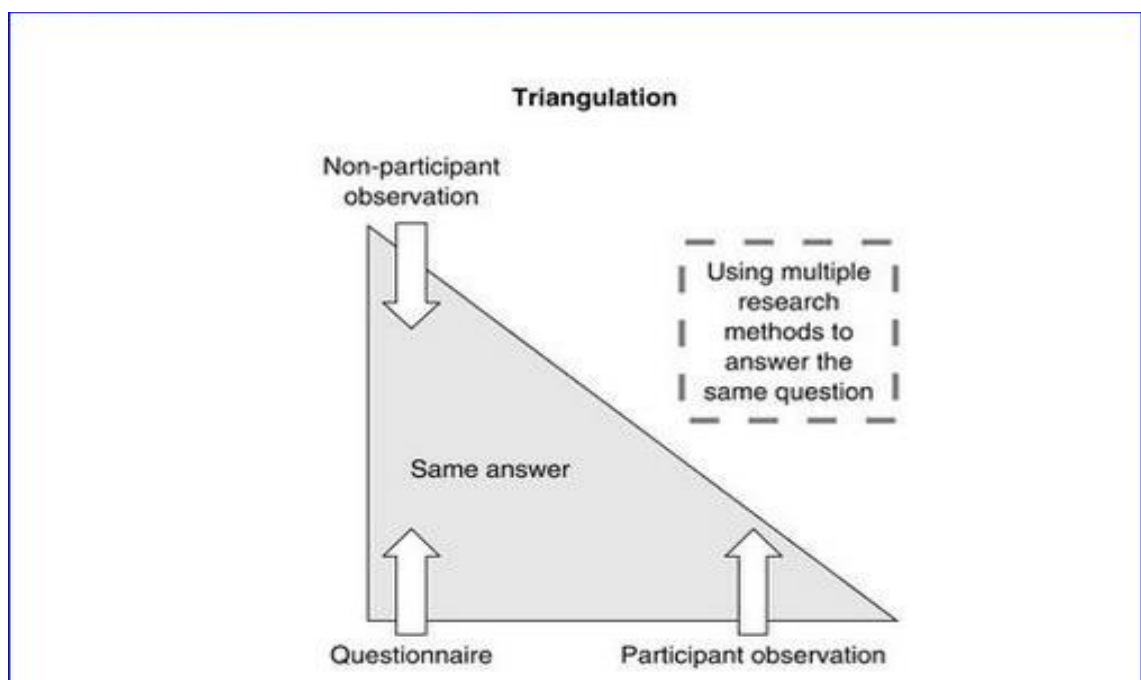


Figure 3. Triangulation (Quinton & Smallbone 2006)

To ensure reliability, triangulation theory by Quinton & Smallbone (2006) is used in this study as seen in Figure 3. In this research, evidence of triangulation can be seen in using multiple sources of existing literature and knowledge. Data is collected through

various methods including interviews and workshops. Different sources from data collection are utilized when interviews are executed, and field notes are provided. The data gathered from multiple informants is analyzed by the researcher together with the case company stakeholders. The informants of the interviews are chosen from different backgrounds, experience, success and ages which affect the selection. Moreover, the secondary data gathered from the market research makes the research even stronger. To follow the triangulation, non-participant views are gathered when the outcome of this study is presented to the potential customers. The evidence trail of this research is created by documenting all the collected data sources. Furthermore, the explanations and reasons for the documents are given. (Quinton & Smallbone 2006: 131)

3 Best practice on building professional Customer Value Proposition

This section discusses the existing knowledge and best practices on building a conceptualized customer value proposition. The outcome of this section is a conceptual framework to this study.

3.1 Customer Value Proposition

A customer value proposition (CVP) is an explicit promise of delivering value to the customers made by a company. In other words, according to Grönroos and Ravald (2011) value propositions are future value promises which the customer can expect, when purchasing a company's products or services. Value propositions emphasize the primary reasons why the customer should select your company's offering rather than that of the competitor's. To build a compelling CVP is a continuous process where the company needs to understand the customers' businesses and identify their unique requirements. The next step is to research and explain how your offering differentiates from the competitors on the criteria that matter the most to customers. Anderson et al. (2006) underline the importance of demonstrating on paper the total cost savings that your offering delivers to the customer.

Lanning (1998) claims that the value proposition is a combination of superior experiences which include monetary value that the organization brings to the customers comparing to rivals. Vargo & Lusch (2004) claim, on the other hand, that the customer determines the value of the offering, so the company can provide only a value proposition. Customers can define value in many ways, including product features but products alone rarely provide all the benefits that customers need. Thus, it is important to identify customer needs and requirements before creating a value proposition (Vandenbosch and Dawar 2002). According to Simons (2014) to identify customer needs most efficiently can be done by face-to-face interviews with the customer. (Simons 2014)

According to Bititci et al. (2004) the best combination of value comes from a link between two perspectives of value. One is internal value which comes from the shareholder perspectives and means that value is profit. The other is external value which means customer satisfaction which comes from customer perspective and can be de-

defined as value proposition. A customer value proposition is a combination of understanding the customer needs, offering of the company and the market, communicated in a crystallized form.

In this study, the micro-customer needs analysis is based on the knowledge of the market researches and available internal material from the case company (Appendices 1-2). The sales agent needs analysis is done by face-to-face interviews with three sales agents. The case company's current offering and CVP are described and analyzed in relation to customer needs.

3.2 Offering

In sales and marketing, an offering is the company's total offer to the customers. An offering is more than just the products, it includes the combination of solutions like services and emotional benefits that create additional value to customers. According to Oliva and Kallenberg (2003) products alone rarely offer all the benefits that the customer wants. The products must be combined with other elements like quality, warranty and other services before the customer realizes the value of the offering. A good and strong offering creates value by meeting customer needs and differentiates the company's products from competitors. (Vandenbosch and Dawar 2002)

Prahalad (2004) explains that *"The meaning of value and the process of value creation is changing from a product and firm-centric view to personalized consumer experiences"*. Services and other elements which create more value and benefits to customers must be offered to maintain the competitiveness of a company.

According to Anderson et al (2006), offering includes many different benefits like economic, social, service or technical benefits that deliver value to the customer. Thus, it is essential to recognize these benefits and find the features which are the most important and which creates superior value to the customers. Anderson et al (2014) concluded in their research that in business-to-business (B2B) markets customers are looking for suppliers whose product or services meet their basic specifications at a competitive price. Many companies have a common problem that their sales people try to stress features that their current offerings have and the competitors' offerings lack, and if it does not work, they reduce the prices. However, it is not always the solution for the problem because usually customers are not looking for these. The customers are

looking for elements from the company's offering which provide a clear reason for selecting their offering over others, these elements are called the justifiers. Anderson et al (2014) explains that a justifier is "*an element of an offering that would make a noteworthy difference to their company's business*". These justifiers are like solutions or supplementary services which differentiate from rivals offerings.

Anderson et al (2014) offers three different approaches to identify and discover these justifiers. Firstly, a company needs to understand how customers use the offering. Salespeople should explore this particular topic in a conversation with customers and engage their concerns. The second approach is to find opportunities to integrate offerings with those of the other companies. This means exploring how to combine their services and products related to others. Thirdly, salespeople should explore and find out the customers' business priorities for example by visiting the customers' website or checking their annual report. After all, a company has to understand what the customer needs are and create an offering which increases the customer value.

One part of the Value Proposition building process is to understand the current offering of the case company and competitors. In the current state analysis section, the key competitors analyse in relation to current offering will be done for finding the benefits and justifiers.

3.3 Building a Customer Value Proposition

According to Anderson et al (2006) the building blocks of a successful customer value proposition consists of several value elements. Firstly, some of the elements are called points of parity, as these elements do not differ from the competitors' offering at all. These elements are essentially with the same performance or functionality as the next best alternative. Secondly, points of difference elements are superior or interior to the next best alternative by offering. Thirdly, points of contention are elements which have a conflict between the supplier and the customer opinions as a points of different or points of parity in favor of the next best alternative. When creating a CVP it is crucial to identify which elements are points of difference and which are points of parity in the customer value proposition.

A successful value proposition consists of these three main elements as well: it must be measurable, distinctive and sustainable. Measurable means that the customer is

able to recognize the profitability like the monetary value and cost savings. Distinctive means that the CVP is superior and differs from competitors offering. The CVP is executed and valid for a significant period of time which means that it is sustainable. (Anderson et al 2006)

Building a CVP is a continuous process because customer tastes and needs will change during the time period. Competition increases in every industry, customers' priorities and concerns change so it crucial to a company to develop their offering. (Anderson 2014). New technologies like digitalization are coming and replacing the old procedures. In addition, new regulations and population demographics will as well evolve over time. (Simons 2014)

The CVP is a continuously changing process affected by the background factors mentioned above. That is why a CVP is sustainable and needs market analysis and systematic customer value evaluation. Revising and replacing the CVP is part of the building process. (Simons 2014)

3.3.1 Three Different Types of Value Proposition

Anderson et al (2006) have classified value propositions into the three types: all benefits, favorable points of difference, and resonating focus, as seen in Table 6.

Value Proposition	All Benefits	Favorable Points of Difference	Resonating Focus
Consists of:	All benefits customers receive from a market offering	All favorable points of difference a market offering has relative to the next best alternative	The key points of difference (and, perhaps, a point of parity) whose improvement will deliver the greatest value to the customer for the foreseeable future
Answers the customer question:	"Why should our firm purchase your offering?"	"Why should our firm purchase your offering instead of your competitor's?"	"What is most worthwhile for our firm to keep in mind about your offering?"
Requires:	Knowledge of own market offering	Knowledge of own market offering and next best alternative	Knowledge of how own market offering delivers superior value to customers, compared with next best alternative
Has the potential pitfall	Benefit assertion	Value Presumption	Requires customer value research

Table 6. Types of Value Propositions (Anderson et al 2006).

As illustrated in Table 6, the first type of value proposition, *All benefits*, is the most used when asked from managers to build a customer value proposition. According to Anderson et al (2006), all benefits value proposition is the easiest type to construct. It consists of listing all the benefits that the supplier believes that their offering might deliver to customers. In this value proposition quantity replaces the quality, so the more benefits and positive features the supplier lists about their offering the better the result will be. This approach does not need as much knowledge about customers and competitors as other types of value propositions, however knowledge of own market offering is crucial. A potential drawback in the *All benefits* value proposition is benefit assertion because sometimes a claim of the advantages for features does not provide any benefits to customers. Another pitfall in *All benefit* type is that the listed benefits are points of parity with those of the next best alternative which makes points of difference elements more difficult to notice. (Anderson et al 2006)

The second type of value proposition, *Favorable points of difference*, answers the question, "Why should our firm purchase your offering instead of your competitor's?" This means that the customer has an alternative and the supplier must find something

in their offering that creates superior value to the customers comparing to the competitors' offering. In this type of value proposition differentiating the supplier's offering from the next best alternative is a key issue. This approach requires knowledge of both the competitor's and own offering and the benefits they can offer. A supplier has to understand which elements in their offering, a product or service, is a point of difference that delivers the greatest value to the customers. When creating this type of value proposition a supplier has to have detailed understanding of the customer's preferences and requirements and how to fulfill them. However, to find features that create the most value to the customers' help to avoid the potential pitfall, value presumption. (Anderson et al 2006)

The third type is *Resonating focus*, which is the most difficult to build but gives the most successful result. This value proposition is based on finding and combining the most valuable elements from the suppliers' offering that matter most to customers and are superior. Thus, competitors may offer the same elements which are required by the customers like points of parity and points of difference. The *Resonating focus* approach requires the customer value research to identify the needed elements and to understand the customer's business priorities.

In this study customer value research and customer needs identification is needed. Based on it, the *Resonating focus* approach is used in this study for building the CVP as it is likely to give the most successful result, as well.

3.3.2 Value Proposition Canvas

According to Osterwalder et al (2014), Value Proposition Canvas is a tool that helps a company to create value for the customers, makes value propositions tangible and visible, and thus easier to manage and discuss. The Value Proposition Canvas model is shown in Figure 4.

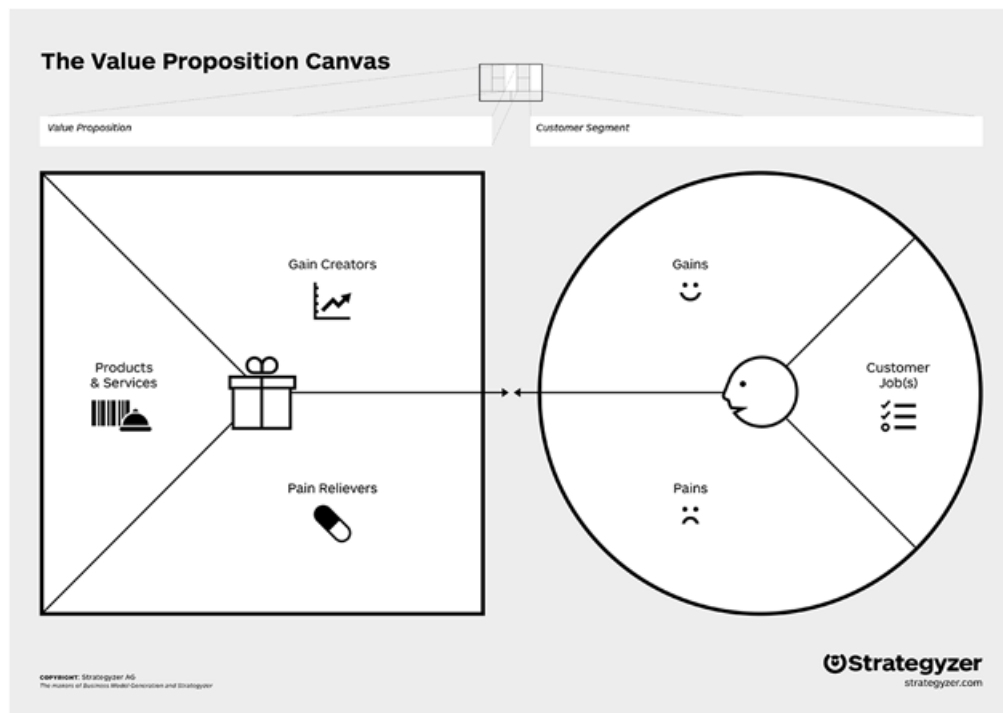


Figure 4. Value Proposition Canvas model. (Osterwalder 2014)

As seen in Figure 4 above, Value Proposition Canvas consists of two different building blocks. On the right side, which is called customer profile, the customer understanding is identified and divided into three different categories including customer's jobs, gains and pains. The first category, customer's jobs, describes the jobs or the tasks the customers want to get done. These jobs often have a specific context like functional, social or emotional intend in which they are performed. Jobs can be the tasks or the problems which the customers want to solve or the need the customer is trying to satisfy.

The second category, gains are the benefits and positive outcomes the customers want to achieve. Gains can represent functional utility, positive emotions and cost savings. Some outcomes and benefits are more relevant and important to the customer than others. The third category describes pains, i.e. the bad outcomes, risks and obstacles related to customer jobs. The customer profile defines the characteristics of the customer in more detailed. The customer segment is defined inside the customer profile. The data which is gathered for the customer profile should be prioritized and documented. According to Osterwalder (2014) it is important to clearly differentiate these

three categories and describe them as concretely as possible. (Osterwalder 2014: 12-17)

The left side of the Canvas tool consists of the value map which describes how to create value for the customer. This map describes the features of the value proposition which are designed to the customers. In the map, value is created with gain creators and pain relievers the services and products can offer. By matching the customer understanding and the value map, the outcome of the Canvas is to achieve a fit between these two sides. It is crucial to focus and identify the main elements of this fit between the offer and what the customer wants. By exploiting this method, the customer value proposition includes the right benefits that the customers expect from a company's products or services. (Osterwalder 2014)

This study utilizes the value proposition Canvas model for finding the best fit between the case company offering and micro-customer needs in relation to sales agent mind-sets. Based on the result, the elements of the CVP proposal are determined.

3.4 Conceptual Framework

The Conceptual Framework of this study consists of the available knowledge and existing literature on the creation of CVP's. The developed framework follows the model visualized in Figure 5. In this study, when conceptualizing the CVP it is important to consider the customers and the sales agents' perspective because both sides have such a major role in the current CVP. The first issues in the developed framework is to analyze the case company's current CVP and offering for identifying justifiers, benefits that add value to customers. Then, the micro-customers and sales agents' needs are identified in the current state analysis section. Finding a fit between the customer needs and the case company offering is a part of the developed framework.

The type of CVP chosen for this study is *Resonating focus*, because it gives the most successful result. The *Resonating focus* consists of point of difference, parity and monetary value. The Conceptual Framework is visualized in Figure 5. The presented framework for building a conceptualized CVP is based on theories by Osterwalder et al (2014), Anderson et al (2006 & 2014) and Simons (2014).

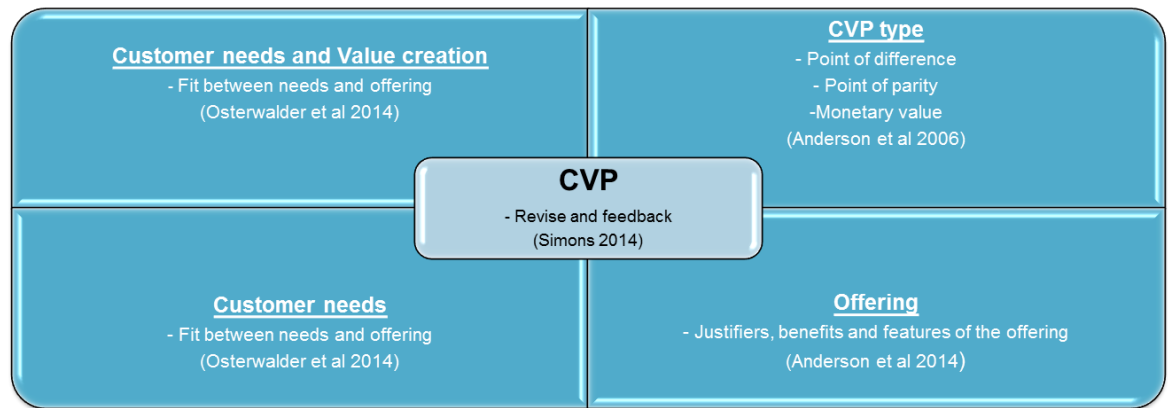


Figure 5. Conceptual Framework of this study

A conceptualized CVP is built by using the Canvas tool by finding a fit and matching the case company offering and the identified customer needs in relation to the sales agent perspective. The CVP will consist of connecting the sales agent, the micro-customer and the case company perspectives including point of difference, points of parity and monetary value (Anderson et al 2014 & Osterwalder et al 2014). The case company perspective includes connecting the current offering benefits and justifiers to the CVP proposal. The last part of the conceptual framework process is revising and getting feedback on the proposal. (Simons 2014)

The presented framework for building a conceptualized CVP is based on theories by Osterwalder et al (2014) and Anderson et al (2006 & 2014). The CVP in this study will be built by using the Canvas tool by matching the company offering and identified customer needs.

4 Current State Analysis

This section discusses the key findings of the Current State Analysis (later CSA) of the case company. The current sales process, CVP and offering for the micro-customers are described. The micro-customer needs relative to the current offering are analyzed to identify any gaps. Sales agent mindsets are analyzed as well, because of their key role in sales. The key competitors' CVPs are analyzed for finding points of difference, parity and monetary value.

Once the findings of the CSA are available, building the customer value proposition will start.

4.1 Current State Analysis in brief

Firstly, in this section the case company current sales process is explained. It gives a general view to what the sales process includes and how the sales agents do the sales for the micro-customers.

Secondly, the current CVP and offering is described. The knowledge is based on the case company's internal material and available knowledge (Appendices 1 & 2). The outcome was to identify the current offering and CVP features and benefits called justifiers. Thirdly, micro-customer needs are identified and analysed in relation to the company's current offering. This data is gained from existing internal material and market research material (Appendices 1 & 2). Fourthly, sales agent needs are identified by interviewing three different sales agents. The sales agents have a major role in the case company's current micro-customer account management model and sales. The sales agents are responsible for customer service, offering risk management, sales and account management of the customers. For building a customer value proposition it is important to identify the sales agent needs and find out whether there is a gap between micro-customer needs and company offering. The last issue in the CSA is to analyse the key competitors' and their CVPs strengths and weaknesses. The key competitor analysis is based on the case company internal analysis (Appendix 4) of the key competitors and marketing research by external consultant (Appendix 3).

The findings as well the current state strengths and weaknesses of this section will be utilized in building a conceptualized customer value proposition.

4.2 Current Offering and Customer Value Proposition

The case company is an insurance retailer in the Helsinki Metropolitan area. The case company's product offering for micro-customers consists of three different product categories: business operation insurance including property insurances, personal insurances and motor vehicles insurances. This insurance business is mostly based on service, because insurances are not physical products. Insurers' differ by offering superior service and other benefits through their partnership network to customers. Currently, the case company offers a tailored CVP for all micro-customers. Thus, the current CVP includes certain basic elements, which are offered to the micro-customers. These elements consist of locality and customer centric offering, customers' service and a wide partnership network.

The sales channel for this particular segment is the independent sales agents. The sales agents are entrepreneurs who get a commission for selling insurances under the case company's brand. The commission is paid from the micro-customers' first year's payments. The CVP is tailored and modified to meet every customer needs case by case.

For understanding the current sales process, it is visualized in Figure 6 below. Briefly, the process starts when the sales agent books a face-to-face meeting with the customer. The meeting is the most important part of the sales process. According to Simons (2014) it is crucial that the sales agent wins the customers' trust and understands their businesses. When the meeting is prepared in a good way and the sales agent has already sought information about the potential customer, it is easier to close a deal. When the meeting is on, dialogue and survey between the sales agent and customer, about mapping the customer needs is part of the value creation. The CVP is tailored for every customer to meet their needs. Mapping and understanding the customer needs is needed, so the sales agent can answer to those needs. Only then the sales agent understands the key points and reasons which affect the start of the co-operation.

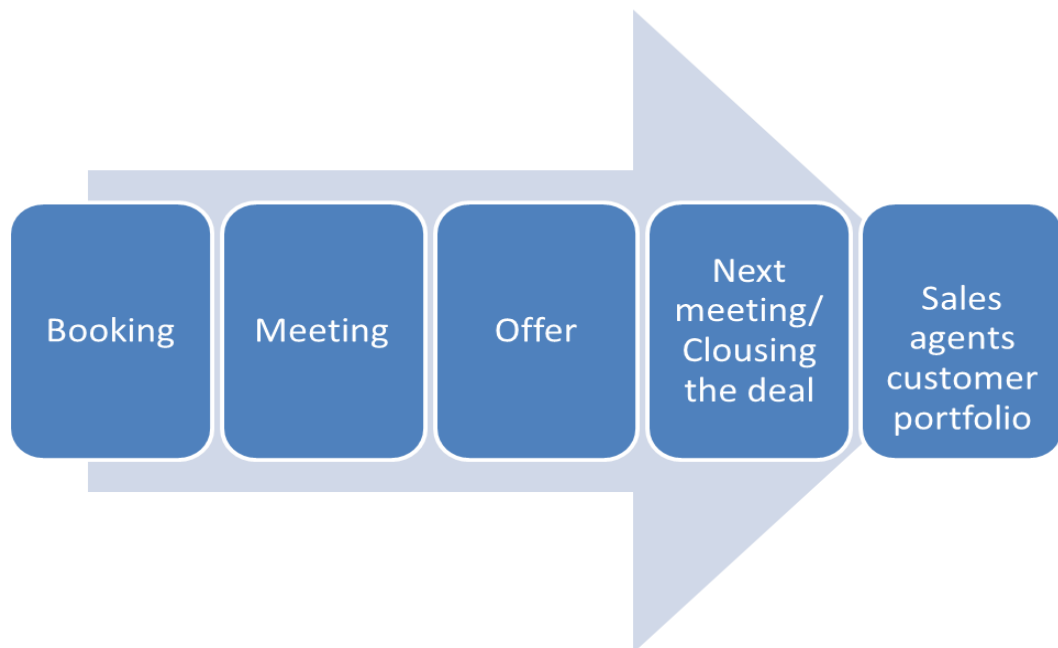


Figure 6. Sales process

As in Figure 6, the next step in the process is creating an offer that matches the customer needs and offering. Price is almost one of the key priorities of customers in every offer. Creating an offer and finding a solution that creates superior value to the customer is the main point. Partnerships and other issues like the banking services offering may affect the customers' choice to start the co-operation.

Meeting the micro-customer for the second time is the next stage in the sales process. Normally, the offer is introduced in the second meeting and it is compared with the current situation. When the deal is closed and co-operation starts, the sales agent is the key person and in charge of the account management of the micro-customers. Part of the sales agents' daily job is taking care of the customers', offering help and consulting about the insurances. According to appendix 1, offering superior customer service is crucial to keep the customer happy and as a customer for a longer time period. The sales agent gets a commission of the first year's insurance payment. Based on the current customer account management model the customer stays in the sales agents' portfolio.

Current CVP

Explaining the current CVP of the case company is based on available knowledge from the marketing department and internal material of the case company. Information is collected from several internal sources such as market surveys and internal material (Appendices 1 - 3) as well the researcher's own knowledge.

The case company's current offering and CVP to the micro-customers is described in Figure 7 below. The case company has tailored for each customer segment its own service and offering concept. This study concentrates on the micro-customer segment only. The case company is owned by its customers, so when new products or service concepts are developed, the customers' opinion is always considered which is a clear benefit. Differing in service and being a local operator are part of the case company's current value proposition. Locality is seen by the case company's 20 regional company's network and through wide branch office network.

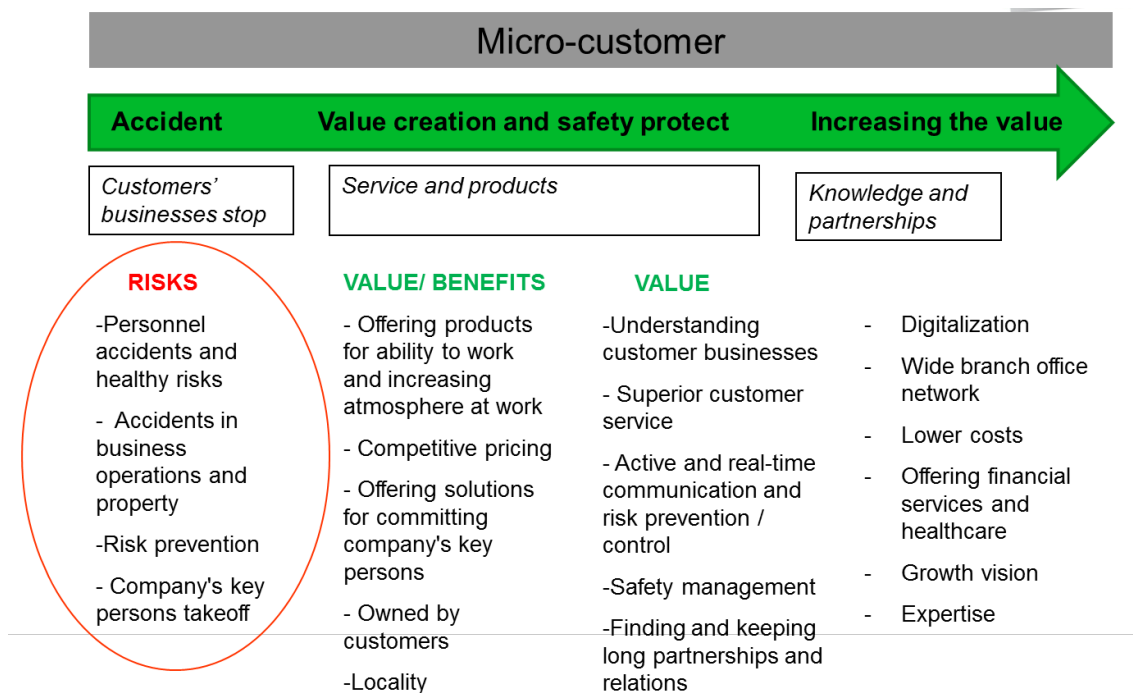


Figure 7. Current CVP of the case company

The case company's main business is to sell insurances at a competitive price and get more income. The case company offers insurance solutions and services for preventing accidents to its micro-customers. If an accident happens, the customer expectation is that the insurance compensates for it and customers' businesses do not stop. The risks and accidents the customers' business operations face include property, liability

accident, or personnel accidents including illness. The case company offers beneficial solutions to prevent those risks and help micro-customers' businesses to continue. For every customer's business it is crucial that profit is made and possible risks are taken care of.

According to appendix 2, one part of the case company's current CVP is to create value and protect micro-customers' safety as well as to offer risk management services. The risks for personnel especially in the micro-customer segment are significant. It is sure that in the micro-customer segment every employee is important to the company. The personnel and their ability to work are crucial for the company's success. If an accident happens to a key person, it is a must that the person returns to work as fast as possible. According to Terveystalo (2016) sick leave costs approximately 350 euros per day to the employer if an employee is away from work. The case company offers solutions to the micro-customers' personnel that the employee returns to work faster. Currently, the case company private-hospital partnership network is wider than rivals. This solution saves micro-customers' money and increases employees ability and atmosphere to work. A fast medicine chain for the customer offers monetary value as well. Product pricing is also an important factor in CVP which creates monetary value, and the case company's prices are at a competitive level. Offering healthcare insurance solutions for the micro-customers is the case company benefit. The case company creates value to the micro-customers' by offering solutions to commit key persons. These solutions are well-being solutions like voluntary pension insurances or health insurances.

According to appendices 1-3, knowledge and partnerships are the key elements in differentiating a service. When it comes to the sales process, it is crucial that the sales agent wins the micro-customers trust for closing the deal. The customer's trust is won with understanding the micro-customers businesses and taking care of the customer. As the sales process section above described, the sales agent must find out the micro-customer needs and offer solutions for matching the needs and offering. The sales agents have to be active and constantly communicate with the customers. The sales agents represent the faces of the case company's brand and service offering, so they have to be superior compared to rivals. The case company wants to differentiate by offering consultative risk control service, which helps to prevent the risks to the customers. In the case company's current CVP, wider partnership network represent point of difference.

The case company has a wide partnership network in the Helsinki Metropolitan Area. Partner services, including private-hospitals, different financial institutions and other connections are primary offered to the case company's customers. One point of difference in the case company's partnership network is S-Group co-operation. S-Group has a superior bonus-system in Finland for personal customers and the case company's personal customers can utilize and get S-bonus from insurance payments as well. In the micro-customer segment this is a clear competitive edge, because of the concentration of all insurances and many entrepreneurs' appreciate this benefit. Thus, the case company has conceptualized for the micro-customer a decision-maker's premium model. The premium model means that when the micro-customers' insurances are concentrated to the case company, the decision-makers get cheaper personal insurances as well.

According to appendix 3, digitalization is changing the insurance market as well. Offering easy access digital communication channels like online services is a clear competitive edge. The case company offers solutions that lower the micro-customers recruiting cost and saves money. These solutions offer monetary value to the customers, as well as services which speed up the employees' return to work through a fast private hospital chain.

Identified justifiers

The case company is owned by its customers, which means customer listening is on high level and customer's opinion is considered in decision making

Locality: The case company branch office network and regional service providing are wider than rivals

Superior customer service is offered: Regional companies and optimized customer portfolios.

Risk management service is offered by consulting

Partnership network is wide which includes S-Group co-operation and private-hospitals

Table 7. Identified justifiers

Summing up, the outcome of this section is an analysis of the case company's current offering and CVPs benefits and differentiators called justifiers (Anderson et al 2006). In Table 7, the identified justifiers are outlined.

4.3 Analysis of the Micro-customer Needs Related Current CVP and Offering

Based on the market research material (Appendices 1 & 2) and available knowledge from internal material of the case company, the micro-customer needs were identified. Most of the identified needs were related to the sales agents and their actions. Therefore, it is crucial to identify the sales agent needs as well as to find out whether there are any gaps between the sales agent needs, case company offering and micro-customer needs.

Summing up the identified customer needs, offering competitive prices was the biggest reason to start the customer relationship with the insurance company. In Figure 8 the most important and common customer needs are identified in a map. Most of the customers answered that price, product and service offering were the primary criteria when selecting an insurance company. For a micro-customer, the price must be competitive comparing to rivals. The case company's pricing model for micro-customers is affected by many different reasons. For instance, the customers' accident history, the risk management level of the industry, credit rating and financial statement are primary factors which affect product pricing. Generally, the case company is competitive in insurance product pricing, so there is no gap between offering and customer need. It is clear that the customers' insurance price rises if many accidents happen, so the number of accidents and price are relative.

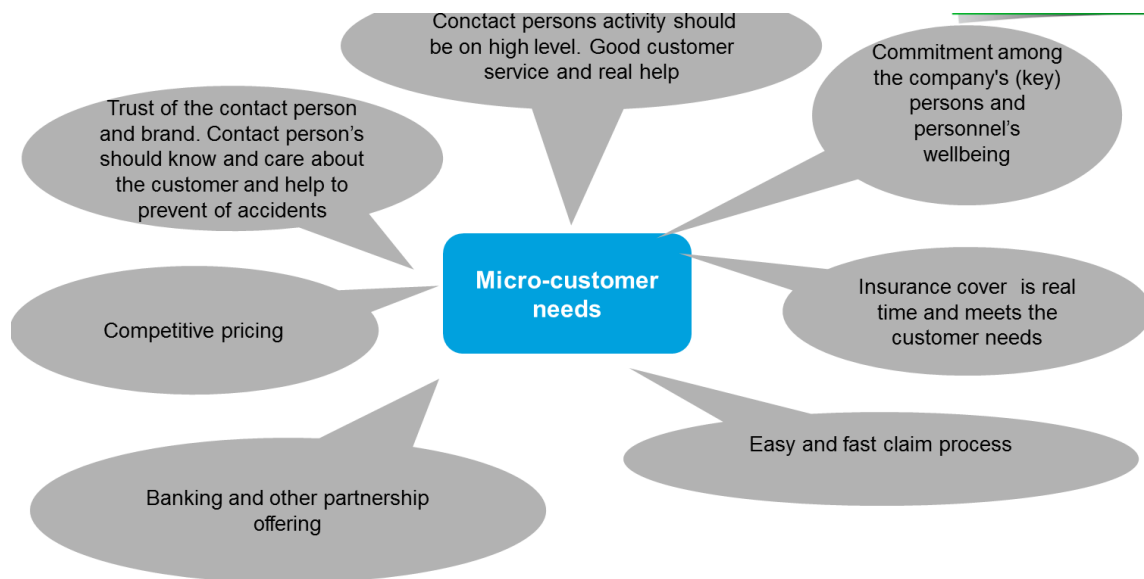


Figure 8. Customer needs map

As Figure 8 indicates, the sales agent as a contact person in the micro-customer segment has a major role in keeping the customer happy and offering good personal customer service. Most of the micro-customer needs are related to the sales agent. The sales agent is responsible for the sales to the micro-customers and the current account management model supports it because the micro-customer stays in the sales agent's own customer portfolio. The contact person's activity and help offer were identified the key priorities of the customer needs. According to the current account management model for micro-customers, the sales agents must meet the customer at least once in a year. The sales agents are in charge of the customer portfolio, so there has to be a trustful and interactive relationship between the customer and sales agent. In a meeting with the customer, the sales agent should have an agenda to follow, and based on it the right solutions can be offered. When the agenda is systematic, the sales agent can match the customer needs with the offering and right solution as Osterwalder (2014) explains. In this study, one important issue is to find out whether the sales agents use an agenda in the meetings. When the sales agents are closing a deal with the customers, trust is one of the primary reasons to start the co-operation. If a sales agent does not manage customer portfolios successfully, the customer is not unlikely to remain a customer for very long.

According to appendix 1, insurance protection and safety as well the real time coverage stood out as an important customer need. Offering a consultative risk preventing

service is part of the account management model and it is needed. The sales agent's expertise is playing an important role in this. Thus, in this study it is important to find out whether there is a gap between the offered service and customer's need. In Table 8 below, the micro-customer needs are compared to the case company offering.

Customer needs	vs case company's offering	Gap/Weakness
Partnerships	Wide network, services is offered primary to customers	Lack of the current bank partner services
Contact persons activity and good customer service	Customer account management model is offered but it is incomplete. Depends on sales agents personality and expertise	Sales agents and customer account management model should be developed
Trust	Depends on sales agents personality and expertise	Sales agents and customer account management model should be developed
Consulting, risk prevention	Is offered, but depends on sales agent	Sales agents and their expertise/will
Right products, solutions and insurances is offered	Customer needs is identified and offering tailored for it. Sales agents are responsible.	Sales agents expertise
Personnel wellbeing and commitment of the company's key persons	Product offering is wide enough, and partnership network affects	No
Easy and fast claim / compensation process	Claim / compensation process is fast and easy to use	No
Good competitive pricing	Generally pricing is on competitive level	No

Table 8. Micro-customer needs vs case company offering

As seen in Table 8, most of the identified customer needs were connected to the sales agents' and their role as a contact person. Based on that the sales agents' affects the most gaps between the current case company offering and micro-customer needs.

According to the appendices 1 and 2, customer expectations and needs concentrated on the vendor having a wide partnership network. The customer benefits when a wider partnership network is provided than what the rival can offer. The case company has a unique partnership network with the private-hospitals in Finland. The case company has a strategic ownership of two private hospitals in Finland but keeps as partners all the other major private hospital providers. This is a clear competitive edge when talking about micro-customer personnel wellbeing and commitment. One negative issue about the partnership network is the current bank provider called S-Bank. S-Bank is concentrated more on private customers than corporate customers, and S-Bank does not offer their financing services to the micro-customer segment.

Micro-customers expect to get a good customer service through an active and trustful contact person, offered consulting and risk preventing services and the right products which meet the customer needs. Most of the identified customer needs were linked to the sales agents and their expertise. The micro-customer needs and the case company offering analyze revealed that sales agents are affecting the biggest gaps and weaknesses in the current situation. Based on this analyze this must be investigate more carefully.

Products which can be used as committing micro-customers' key employees including health insurances, voluntary pension insurances and other voluntary personnel insurances are offered. Summing up, the results of the micro-customer needs and offering can be seen that rivalry on products is tough and differences between vendors are small.

The last issue revealed by the analysis of the customer needs material was the need for a fast and easy claim and compensation process. When insurances are sold to customers, they expect that if an accident happens, the insurance will also compensate the customer for the accident. That is the reason why the insurance process has to be easy to use and fast to answer. The online service is customer friendly and easy to use. This is why the case company was chosen the best digital -company in business-to-customers category in Finland (Kauppalehti 2015).

Summing up, the biggest value creators and benefits for the micro-customer are different services providing including wide partnership network and developed digital services like good online service. Thus, the biggest concerns and weaknesses for the customers are lack of the current bank provider services to the micro-customers. The sales agents' major role in offering risk management and customer services are the biggest gaps in comparing the micro-customer needs and the case company's offering. As well, the sales agents expertise should be developed based on analyze.

4.4 Identifying the Sales Agents Mindsets Related to the Current CVP

Sales agents have a major role in committing and taking care of micro-customer portfolios. Based on the gaps identified between the case company offering and micro-customer needs, the sales agents were interviewed to find answers on how to fill those gaps. Three sales agents were chosen from different backgrounds for the theme interviews as presented (section 2.3). To the selection of the interviewees affected the sales agents' age, success in sales, work experience and gender. The questions asked were linked to following themes which were linked to sales agents' daily job and customer service offering: 1) Committing micro-customers to the case company and how to increase it, 2) how do you see customer service offering, customer consulting and risk preventing service offering and how do you do it, 3) current micro-customer account model's functionality and benefits, 4) face-to-face meeting with the customers, finding out the customer needs and sales coaching.

4.4.1 Interview of Sales Agent 1

The interviewee has been working in sales for about 5 years. The interviewee is 25 years old. He has been a sales agent of the case company for about 2 years. This sales agent is not as experienced sales agent than the other interviewees. In the case company's internal sales ranking, he has succeeded average level in sales.

Based on the interview, the first interviewee had a clear and straight opinion to the questions asked. The first question asked about theme how to commit micro-customers to the case company and how to increase it. This person does not get paid for commit-

ting micro-customers to the case company so he does not do it. The case company should pay a commission for the customer service and taking care of customers then the sales agents would do it better.

The second question regarded the theme about the customer service and risk preventing. According to the customer need analysis the customers expected to get a superior customer service. The interviewee explained that risk preventing and offering good customer service just increases the sales agent's workload so he does not do put any extra effort to it.

The third question was related to theme about the current account management model's functionality. According to the interviewee: *"micro-customer account management model does not support sales agents to offer good customer service. If the case company paid money and commission to the sales agents, then I would do it."* Introducing a back office team for managing the micro-customer accounts would be a good way to increase the micro-customers' commitment to the case company and it would help to sales agents in their daily job.

The last question was about the theme, meetings and sales coaching. Based on the sales agent's answer in the face-to-face meetings with the customers there is no systematic agenda for identifying the micro-customer needs. The interviewee does the sales based on his expertise and personal style. Currently, there is no sales coaching in the team.

Based on the first interviewees' answers, at the moment there is a huge gap between the micro-customer account management model and the sales agents' daily work. If the sales agents were paid a commission or offered some other benefit for the customer service and committing the micro-customer then the sales agents would do it. Currently, there is no agenda used in the meeting for the micro-customer identification. As well, there is a lack of sales coaching inside the team.

4.4.2 Interview of Sales Agent 2

The second interviewee has been a sales agent for 6 years. The interviewee is 36 years old. He has succeeded very well inside the case company's internal ranking among 30 sales agents' and been ranked the top three sales agents during last years.

The second interviewee explained that committing micro-customers to the case company depends on the chemistry between the sales agent and customer. Solution is to offer personal service then customers are happy. The sales agents' role in committing micro-customers is huge and customer account management should support it. At the moment the sales agents do not get a commission of committing and keep micro-customers as customers which is a big gap. Cross selling of many different products and utilizing a partnership network would help micro-customers to commit to the case company, as it would be harder to leave for a rival.

According to the second interviewee, keeping customers happy and offering good customer service belongs to sales agent job description. Still, all of the sales agents do not do it. Taking good care of customers is a positive selling point and the sales agents should utilize personal chemistry in face-to-face meeting with customers. When the customer needs are found out properly it is easier to meet them and offer the right and risk preventing service.

According to the interviewee, the current customer account management model should be improved. *"If there would be a back office team whose daily job is customer service offering and committing micro-customers to the case company by offering superior customer service, this would be a great solution for everyone."*

The interviewee does not have any systematic way to do the customer survey and mapping. When this is done properly it helps in finding out the customer needs and offering risk preventing services. Similarly, he does not use any systematic agenda in the meetings. Instead, the meetings follow a systematic frame which is in his head when finding out customer needs. The interviewee thought that micro-customers do not need any specific agenda because of the small size of the company.

Summing up, cross selling and paying commission to the sales agents would support in committing micro-customers. Offering superior customer service depends on the sales agents and their expertise. A back office team would increase the commitment of the micro-customer and help the sales agents' daily job.

4.4.3 Interview of Sales Agent 3

The third interviewee has been a sales agent for about 10 years. She is 46 years old. Her work expertise in the insurance industry is long and she has succeeded well in sales in the case company's internal ranking.

For committing micro-customers to the case company the interviewee's target is to cross sell the case company's product portfolio as versatile as possible to every micro-customer. The commitment of the customer is better when more products and services are sold. Thus, concentrating all the insurances to the same insurance provider decreases the customers will to leave for a rival. Offering superior customer service is part of the daily job and a way to differ from others. If the case company would pay commission for committing and keeping the customers as customers for a longer time, it would be a great help.

The interviewee does have a systematic agenda for the meetings but it is inside her head. Her expertise supports the systematic way of identifying the customer needs. Risk preventing and telling about the case company's different services is done in every meeting. Team meetings do not offer any sales coaching. The current customer account model is based on meeting with the customer once a year. She thinks that a back office team for micro-customers would increase customer satisfaction and commitment.

Summing up, cross selling increases the loyalty and commitment of the micro-customers. If the case company would pay a commission for committing, that would be a great benefit. Currently, inside the case company, there is a lack of growing sales agents' expertise and utilizing a systematic agenda in the meetings.

4.4.4 Key Findings from the Interviews

The sales agent interviews revealed that the lack of commission is a major weakness in the current customer account management model. If the commission were paid, the commitment and customer service would be on the better level. Micro-customer commitment is better when more products are sold. Similarly, offering superior and personal customer service will keep the customer for a longer time as a customer. This is also one way to differ from the rivals.

Question theme	Sales agent 1	Sales agent 2	Sales agent 3
1)	Commission is not paid for committing customers.	Commission is not paid for committing customers. Personal service and product cross selling increases the commitment	Commission is not paid for committing customers. Cross selling products as widely as possible
2)	Risk prevention and customer service is not offered	Personal service is offered and risk prevention	When offered good way to differ. Investing in providing.
3)	Customer account management model is weak. Back office team positive issue	Back office team positive issue.	Meeting with customer once in a year. Back office team positive issue.
4)	No systematic way to find out customer needs and no coaching	No systematic way to find out customer needs and no coaching	No systematic way to find out customer needs and no coaching

Table 9. *Summary of the interviews*

Risk prevention and consulting the micro-customers is not offered in a systematic way. When customer needs are found out properly it is easier to meet them. A back office team would be a great help and benefit for the case company in increasing the micro-customer commitment and sales agents' daily job. As well, the profitability of the micro-customer segment would increase from the case company perspective.

Currently, the sales agents do not have any systematic way to find out the customer needs. The sales agents do not use any agenda in the meetings with the customers. Inside the team there is a lack of sales coaching so the sales agents' expertise should be developed.

4.5 Analysis of the Key Competitors Related to the Case Company Offering

The competitor analysis is based on the case company's internal material of the competitors (appendix 3 & 4) and the market research (appendix 1). The objective of this section is to find out how the case company's CVP differs from the main rivals' CVPs. The main aim is to find the point of difference and point of parity and match these points with the customer needs when starting to build the conceptualized CVP in this study.

4.5.1 Pohjola Insurance

Pohjola Insurance is part of OP-Pohjola Group. In Finland OP-Pohjola is the leading financial service provider group. According to OP-Pohjola (2016) "OP-Pohjola Group is made up of independent member cooperative banks and the Group's central institution, OP-Pohjola Group Central Cooperative, with its subsidiaries and closely related companies." Pohjola Insurance, is market leader in corporate and public-sector in Finland. It provides insurance solutions for private, corporate and institutional customers. Pohjola Insurance aims to strengthen its market share in co-operation with OP-Pohjola Group member banks and through comprehensive customer relationships. (OP-Pohjola 2016)

In Figure 9 below, Pohjola's strengths (+) and weaknesses (-) are identified. The identification is based on the case company's internal material about competitors and market research material (appendix 1, 3 and 4). Briefly, Pohjola is currently the market leader in the micro-customer segment in Finland (appendix 3). Based on the micro-customer needs analysis, customers benefit when the insurance and banking service is connected. Co-operation with banks and a wide branch network is giving a competitive edge to Pohjola. Pohjola has a unique bonus system and the company gives bonuses for personal customers for centralizing their banking and insurance services in OP-Pohjola Group. For the micro-customer segment a bonus system can be an important element in value creation.

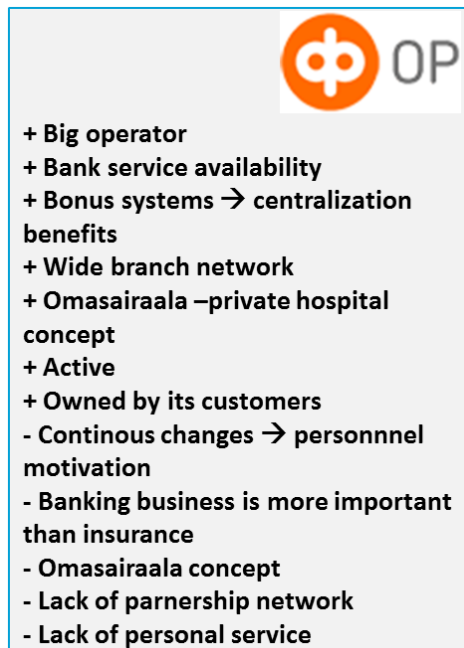


Figure 9. OP-Pohjola's current state

Pohjola's current CVP and offering is visualized in Figure 9. According to the case company's internal competitor analysis, Pohjola's sales organization for the micro-customer segment is active but their current customer portfolios have too many customers. When the customer portfolios are too wide, the sales people do not strive to offer good customer service.

Pohjola created a new concept for the private hospital sector and established their own private hospital which is called Omasairaala. Omasairaala offers health sector services primarily to Pohjola's own customers and the concept is cost-effective for the group and customers. The fast health care chain saves Pohjolas' and customers' money. One weakness in Pohjola's business is Omasairaala concept because the hospital has only one office in Helsinki, and customers must primarily use its services although the location is not close.

Currently, the banking operations for OP-Pohjola Group are more important and profitability. Consequently, Pohjola has reduced their employees a lot during last years. This has a straight negative effect on the personnel's motivation at work and thus customer service suffers. Insurance operations are getting smaller even though cross selling between bank and insurance is on a good level because of the superior bonus system.

Pohjola has a wide partnership network through banks but in private-hospital sector narrow competing to rivals.

4.5.2 IF P&C Insurance

IF P&C Insurance (later IF) is the leading insurer in the Nordic Countries. IF provides insurance services and risk management for personnel and corporate customers. IF is part of Sampo Group which provides financial services. (IF 2016)

IF is the leading insurance company in the Nordic region which is a clear strength comparing to the rivals. Internationality and a wide network makes possible cost effectiveness when doing businesses. IF's claim process is superior and in Finland IF has created a customer promise according to which customers get an answer in 24 hours in case a claim is filed. According to Appendix 3, IF has invested in digitalization and innovation and has the competitive edge in these services in Finland. The sales channel for micro-customers are the sales managers who are very active. The sales managers are doing a good job on sales but the conflict is in customer service because the sales managers have too many customers in their own portfolios (appendix 4). The lack of personal service for micro-customers is a major weakness as shown in Figure 10.



Figure 10. If's current state

Figure 10 above lists IF's strengths (+) and weaknesses (-). IF has co-operation with Nordea, the Nordic banking group. They have started to cross-sell their products and

services in Finland. Sampo Group is a major shareholder in Nordea. According to the case company internal research (appendix 3) co-operation between IF and Nordea is not as interactive as it could be, so they should improve it. IF does not have a stabilized partner in the private hospital sector at the moment which is a weakness for the company.

4.5.3 Fennia Group

Fennia Group is a Finnish insurance group which provides insurance services and risk management for corporates and personnel customers. Fennia is a mutual insurance company which means that it is owned by customers. The company wishes to be close to its clients and provide tailored services to fulfil the customers' individual needs. Fennia has 50 branch offices all over Finland. (Fennia Group 2016)

In Figure 11, Fennia's strengths (+) and weaknesses (-) are listed.



Figure 11. Fennia's current state

Fennia's mutuality in ownership is a clear strength. Mutuality means that customers are close to company's businesses and they can be a part of the decision making process. In that way Fennia is listening to its customers and developing its services and products together with the customers, including customer service offering. Fennia's brand is

strong among entrepreneurs and especially in the micro-customers segment. Fennia has always been active in marketing to the micro-customers.

According to the case company's internal competitor analysis (appendices 3-4), Fennia is much smaller than its rivals, so its resources in business are smaller which is a clear weakness comparing to competitors. Fennia's partnership network is quite narrow as well. The company has co-operation with a few private-hospitals in Finland but according to the competitor analysis (appendix 3) it is not very interactive. Fennia's product offering is narrower comparing to rivals and it cannot compete against with some products of the rivals, for example some tailor made liability insurances.

Fennia just started to co-operate with Danske Bank and they are going to start cross-selling products which is positive issue for growing their businesses.

4.5.4 Comparing CVPs

In Table 10 below the key competitors CVPs are matched with the micro-customer needs.

	CVPs	Which micro-customer need matches with the CVP
Pohjola	Banking and insurance offering is connected for benefit. Activity of sales organization and aggressive pricing.	<ul style="list-style-type: none"> - Price - Network in Bank services - Sales activity
IF	Cost-effectiveness in business. Price competitive. Forerunner in products and digitalization. Claim process has a customer promise.	<ul style="list-style-type: none"> - Price - Claim process functionality - Service and product offering
Fennia	Offering superior customer service and personal contact person.	<ul style="list-style-type: none"> - Customer service offering - Personal service - Price

Case company	Offering local, personal and superior customer service. Activity on sales and competitive pricing. Wide partnership networks.	<ul style="list-style-type: none"> - Price - Customer service offering - Sales activity - Partnership network
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Table 10. Comparing CVPs

As seen in Table 10, the case company and the key competitors CVPs are compared and matched with the micro-customer needs. The comparison of the case company and its key competitors in the Finnish insurance market shows many similarities. The product offering is almost the same with every insurer. Fennia is the smallest company and its resources and expertise are smaller comparing to others. IF has an advantage in product knowledge and cost-effectiveness thanks to international operations and wider resources. Some of the products can create superior value to the customers if they are connected with the right service provider's actions, for example, health insurances. Value to the customer comes from the insurer's partnership network like private hospital availability. It enables a faster health care process to the customer and micro-customers appreciate it, according to the identified micro-customer needs. The case company differs from its rivals by a wider partnership network of private hospitals.

When comparing partnership networks and bank service availability, as well connecting it to insurance business, Pohjola is superior compared to the others. Every insurer has a banking partner as well but the co-operation or service availability fluctuates. The case company has the biggest problems and weaknesses with bank operations because the current banking partner does not offer services to the micro-customers. The product and service solutions pricing do not differ much. Every company has their own price management rules and limitations. In the insurance industry, it is common that pricing for micro-customers changes case by case. If the customer has a good accident history, the insurer can offer much cheaper price. Based on this, every insurer has pricing as a benefit.

Pohjola creates benefit and value to its customer in centralization their bank services and insurances. The company does this in a superior way and connecting banking and insurance makes customers more committed to the company. According to the case company internal competitor analysis (appendix 4), Pohjola's sales people are very

active but they have too many customers in their portfolios so the customer service suffers.

IF has the biggest resources because of the internationality in the Nordic region. IF's product offering is unique because of the size of the company. The company's businesses are based on a cost-effective model and they can utilize expertise between the Nordic Countries. According to the micro-customer needs identification (Section 4.3), customers expect functionality and easiness from the claim process. IF has considered this and the company has made a customer promise that in 24 hours the customers gets answers to their claim for indemnity. This creates more value to the customers and is a clear competitive edge.

Fennia differs from the two competitors above in service. In subsection 4.3, the most of the identified micro-customer needs were connected to the service. Fennia invests in locality and offering superior customer service which are key value creation points for the customers. However, according to the competitor analysis (appendix 4), sales people's customer portfolios are optimized with the resources, so personal customer service is available. Fennia is smaller than the rivals so lack of resources can be identified as a weakness.

Micro-customer needs	Pohjola	IF	Fennia	Case company
Personal customer service	-	-	+	+
Contact person, trust	-	-	-	+
Claim process	-	+	-	-
Pricing	+	+	+	+
Consulting, risk prevention	+	+	+	+
Partnership network	-	-	-	+
Products / Right solutions	+	+	-	-
Well-being solutions	-	-	-	-

Table 11. Micro-customer needs vs insurers

Summing up, as seen in the Table 11 the case company's points of difference comparing to its key competitors are the following: Partnership network in the private-hospital sector, superior customer service offering and locality. Superior customer service offering is based on optimized customer portfolios, so the sales agents can serve micro-customer better. Since the customers have a need for healthcare and well-being solutions and competitors offer it, as well. Risk management and preventing service offering is called point of parity which customers value. Monetary value is created by offering solutions to the micro-customer that secures the customers financial loss. The case company's current co-operation with the S-Bank is not working in the micro-customer segment.

4.6 Key Findings from the Current State Analysis

The current state analysis consisted of four different stages. In the first stage, the current sales process, offering and CVP for the micro-customers were explained. The in-

formation and data was based on existing internal material such as market research material (appendices 1 & 2). The objective was to identify justifiers, benefits and differentiators, in the case company's current offering. Based on the findings of the market research, the sales agents, who do the sales to the micro-customers, are the key persons from the case company side in customer service offering. The sales agents' actions and expertise are playing a significant role in committing micro-customers to the case company. Based on the current offering and CVP description, the case company offers a tailored CVP to the micro-customers because every customer has unique needs. According to the market research material (appendices 1 & 2) the case company's current offering is wide enough to serve micro-customers and superior customer service is one way how the insurer can differ from the rivals. The justifiers identified will be utilized when a conceptualized CVP is built.

As seen in Figure 12, the CSA process is visualized. The objective of this section was to identify the current state's strengths and weaknesses. Data was based on the market research (appendices 1-2) and internal documents like the competitor analysis (appendices 3-4) and theme interviews.

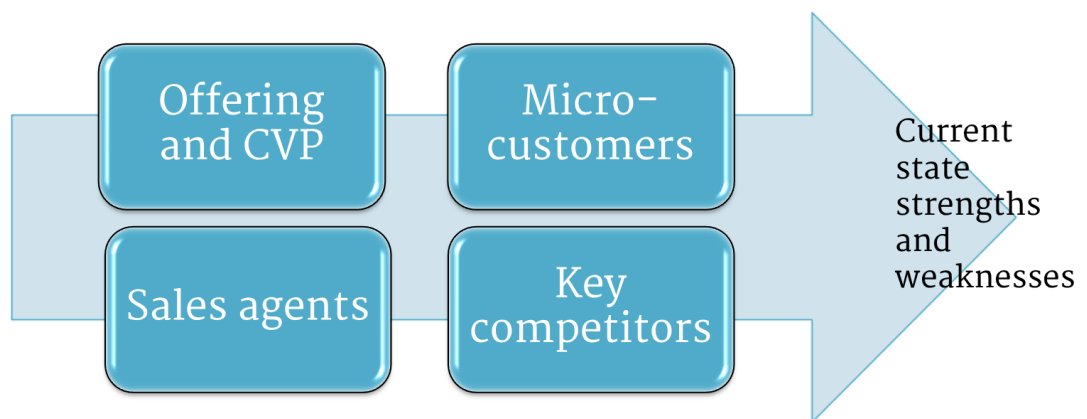


Figure 12. Process of the CSA

In the second stage, the customer needs were identified by analyzing the existing material and the market research. Based on the micro-customer needs analysis, the sales agents have a major role in customer account managing and offering services to the customers. Weaknesses and gaps between the case company's current offering and customer needs were recognized in the analysis. Most of the identified gaps were linked to the sales agent's role and the current customer account management model.

Based on the recognized gaps in the third phase, three sales agents were interviewed face-to-face for finding out the reasons behind the gaps. It turned out that the current account management model for the micro-customers is not working. The biggest gap is that the case company does not pay commission to the sales agents for committing and offering good service to the micro-customers. Cross selling through the case company partners and banking is a way for increasing the micro-customers commitment. The sales agents' role towards the micro-customers is so huge that their expertise should be developed more. An agenda for the meetings and back office team would help the sales agents' daily job and committing micro-customers to the case company.

In the fourth stage, three key competitors and their CVPs were analyzed and matched with the micro-customer needs. The three competitors were selected because they are the case company's biggest insurers (appendix 3) in Finland. The key competitor analysis was based on existing internal material and available open knowledge about the companies (appendix 3 & 4). To summarize the competitor analysis, the case company's weakness is the current bank co-operation since S-Bank does not offer services to micro-customers at all. The key competitor's co-operation with specific banks are working and insurers benefit from it in cross-selling and insurance and bank service centralization. The case company's strengths comparing to the key competitors were locality and superior customer offering. The mutuality of the company and listening to customers are clear benefits for the customers. Benefits through private hospital partnerships and superior customer service offering were identified as point of difference when comparing the case company and its rivals. Based on this section, risk preventing service offering is a point of parity, because customers expect to get it and every insurer offers it. Monetary value to the customer is created by offering solutions that secures the micro-customers economical loss. The findings of the CSA are visualized in Figure 13.

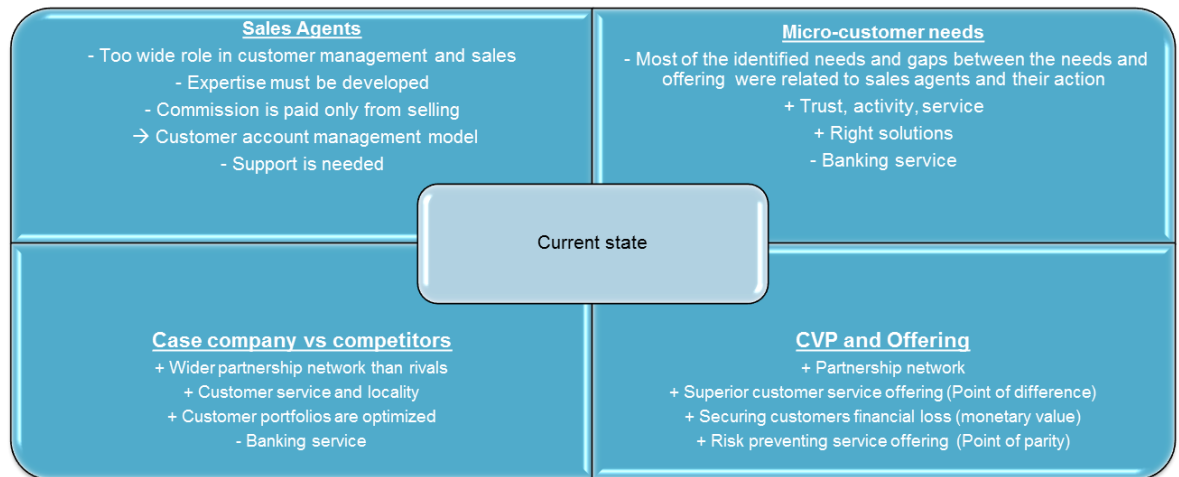


Figure 13. Findings of the CSA reflected against the conceptual framework

Summing up, the biggest weaknesses based on current state analysis are the following: The Sales agents need support for their daily work. The role of the sales agents in sales and customer service is too wide. The current account management model for the micro-customers should be modified and lack of sales agent's commission is one weakness. Similarly, the current bank co-operation with the S-bank is not working and benefits for the micro-customers are worthless because the bank provider does not offer any financing service to small corporates like micro-customers.

The case company's current state strengths include a wider partnership network than competitors, locality in doing businesses and selling insurances. Personal customer service offering is important and a clear competitive edge comparing to the rivals. These identified strengths and justifiers are points of difference in the case company businesses as well.

Based on the key findings of the CSA, in the next section the conceptual CVP is built and connected to the conceptual framework of this study. The conceptual CVP will consist of point of parity, point of difference and monetary value elements. The CVP includes micro-customer, sales agent and case company perspectives. One key issue which has to be connected to the CVP is to improve the sales agents' support.

5 Building a Conceptualized CVP Proposal for the Case Company

This section merges the results of the current state analysis and the conceptual framework towards the building of the proposal.

5.1 In Brief

In this section a conceptualized CVP will start to build. The main results that revealed in the CSA section will be utilized in building a CVP. As explained in the conceptual framework (section 3.3) identified justifiers, the benefits and differentiators of the current offering and the CVP will be utilized on building a conceptualized CVP. Type of the CVP was selected as the resonating focus. Identified points of difference and parity will be connected to the proposal. Micro-customers and sales agents' perspective is connected to the proposal by matching the customer needs and offerings.

The main results of the CSA indicate that the current customer account management model modification is needed. Additionally, the sales agents' major role in service offering and committing micro-customers were connected to almost every weakness recognized. Based on this information, this study concentrates on offering support to the sales agent role by addressing these two weaknesses when a conceptualized CVP is created. The sales agents' expertise and customer account management model modification are the key issues which have to be improved. Theme interview with the case company stakeholders was kept for considering sales agents role in the current CVP and to develop the identified weaknesses from CSA, and for finding a fit between the micro-customer needs and the case company offering. Findings of the interviews connected to support the sales agents' role by offering practical tools to their use which are linked to the CVP proposal.

5.2 Matching the Customer Needs, Offering and Sales Agent Perspective

Most of the identified weaknesses in the CSA section were related to the sales agents and their actions. In the current CVP the sales agents' major role is quite big risk to the case company. Offering superior customer service and taking care of the micro-customers are the sales agents' responsibilities and customer needs. That is why the conceptualized CVP will be concentrate on solving this challenge in order to match the

sales agents' mind-set, the case company's offering and micro-customer needs, as visualized in Figure 14.

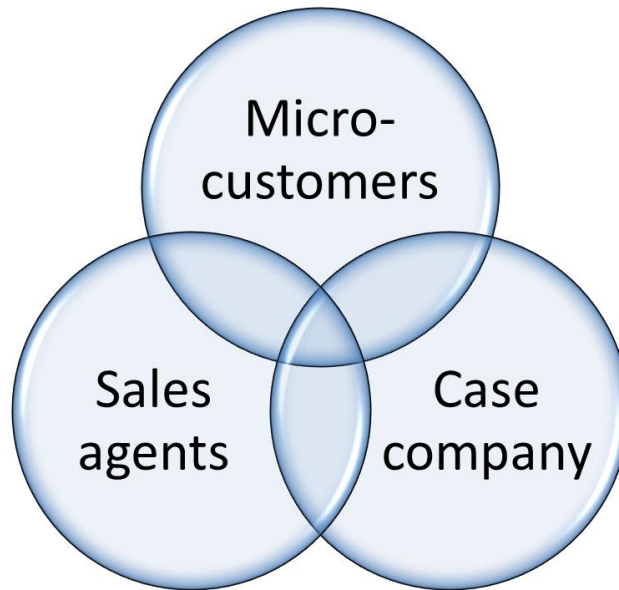


Figure 14. Fit between all parties

The CSA results revealed that the biggest concerns of the sales agents were the lack of commission for committing micro-customers to the case company. From the micro-customers' point of view most of the identified micro-customer needs were related to the contact person i.e. the sales agents. According to Osterwalder et al 2014 the case company offering and customer needs have to fit when a successful CVP is built. Thus, the sales agents' perspective will be linked to the CVP because of their major role in sales. The theme interview with the internal stakeholders (more detail in the section 2.3) was arranged for finding a fit with the customer needs and the sales agents' role, considering the current offering. The interview was arranged for processing the CSA findings for creating a proposal on how to improve and develop the current situation. The themes of the interview were divided to: 1) *sales agent perspective and role in sales and how to improve it*, 2) *case company perspective, how to improve and develop the current customer account management model*, 3) *how to create more value to the micro-customers and sales agents*, 4) *how to find a fit between all parties*.

The first theme of the interview was related to sales agents. According to the findings of the CSA, the sales agents' expertise should be developed. When the sales agents' expertise is at a higher level the customer value improves. Thus, the sales agent offers better customer service and customers' commitment grows as well. Based on the inter-

view, one finding was that coaching is one way to grow the sales agents' expertise. According to stakeholders, they have own experiences about the coaching sessions positive results. Sales coaching in teams or individually is good practice to learn new approaches in selling. Sales coaching is one way to increase the sales agents' expertise in sales. However, internal education sessions among sales agents would increase their expertise as well. One concrete way to increase the sales agents' expertise would be to arrange sales coaching and educational sessions in teams i.e. once in a week. The coaching sessions in teams would include i.e. practicing how to find out the customer needs on better way or practicing how to offer better service to the customers and how to close a deal. In the coaching session two sales agents' would play a case training and other team members would give positive feedback and comments. Based on the interviews the stakeholders stated that same kind sales coaching session are used in the sales organization of the bigger company segment and sessions has received a positive feedback.

The results of the sales agent interviews revealed that sales agents do not use any systematic agenda in the meetings with the micro-customers. Utilizing an agenda in the meetings was one theme of the interview of this section. If the sales agents had an agenda for the meetings, finding out the customer needs would be systematic and easier. In the case company, small and middle sized corporate customers department utilizes agenda in every customer meeting. According to small and middle sized department's sales director the sales people who use systematic agenda in the customer meeting have done better results in sales comparing people who do not use agenda. When the agenda is used it will support the meeting and provides a systematic frame for finding out the customer needs. The agenda consist of the certain questions about the micro-customers' businesses i.e.: *businesses today and the future, risk management issues, well-being and personnel, co-operation with the current insurance provider, the case company as a company.*

When the agenda is utilized in the meetings, it is much easier for the sales agents to find out the customer needs and meet the customer expectations, as well the case company can commit the customers better when the service meet their needs. Since, the small and middle sized corporate department has received such a good result of the use of the agenda it would be worth trying in the micro-customer segment as well. Based on the collected information on theme interview, stakeholder's point of view

were that agenda for the meetings would be a great tool and help the sales agents' job in the meetings.

The second theme in the interview was related to the current account management model. The current account management model and sales agents' are playing the major role in committing customers to the case company. According to the findings of the CSA, the current account management model is something which should be modified. Based on the sales agents' interviews in the CSA, one of the main weaknesses of the current customer account management model has that sales agents' do not get paid commission for committing and customer service offering. To offer superior customer service is important issue when customer commitment is considered. As the identified micro-customer needs revealed, customers expect and insist superior service.

Currently, the case company does pay commission for the sales agents for committing micro-customers but the commission is unrealistic to get due to the sales target being too high. Based on theme interview with the internal stakeholders, commission model should be organized again and to connect more realistic sales target. According to interview, one issue to consider is that there can be disconnect in the case company's internal communication about the understanding where the commission is paid.

The commission issue is something which would be useful to consider for the case company and based on it to develop and increase the internal communication between the case company and the sales agents'. The current account management model demands the sales agents to meet the customers of their own portfolio once in a year. If the sales agents would have an agenda for the annual meeting with the customers, the meeting would be more systematic and mapping the customer needs would get easier. One concrete development suggestion for the case company top management would be that they considered renewing and increasing the internal communication about the current commission model. A new model should support the micro-customer commitment for a longer time period by the sales agents. Based on interview the stakeholders' opinion was that the current account management model should be modified to be customer and sales agent friendly.

Table 12 illustrates, the challenge, solution and, in particular, the benefit from the micro-customer, the case company and the sales agents' perspectives.

Challenge	Solution	Benefit for the micro-customer	Benefit for the case company	Benefit for the sales agent
Sales agents expertise is not on good level	Coaching sessions	Risk preventing service can be offered, better service, right solutions	Brand image, customer commitment and satisfaction grows	Sales and customer service offering improves
Customer service offering	Agenda, for mapping the customer needs	Right solutions, expectations can be meet	Customer commitment and satisfaction grows	Skills improved. Frame for the meeting
Customer account management model	Commission issue, back-office	Better customer service	Customer commitment and satisfaction grows	Monetary value

Table 12. Benefits for all parties

According to the findings of the CSA, micro-customers expected to get superior customer service. However, the sales agent interviews revealed that same kind of back-office function like the small-and-middle sized customer sales organization has would be a great solution for the micro-customer segment as well. By this solution there would be a fit between the sales agents, the case company and micro-customers; the sales agents daily job would get easier and their role in customer service offering and in committing customer would increase. The case company would get more committed to micro-customer by offering superior service through the back office team and micro-customer would get superior customer service. In the interview, the back-office team for supporting the sales agents' job was seen as a positive solution which would increase customer satisfaction and commitment.

5.3 Type of CVP

This thesis focuses to establish a conceptualized CVP by improving the two main weaknesses identified in the CSA section: *“the sales agents’ expertise and current customer account model”*. However, according to Anderson 2006 & 2014 it is crucial to

identify key points of difference, justifiers, monetary value and a point of parity when a successful customer value proposition is built. In this study the CVP consist of elements mentioned above.

As mentioned before (in section 3.2.1) *Resonating focus* is the type of CVP selected for in this study. This is due to the fact that the Resonating focus approach gives the most successful result in building a CVP (Anderson et al 2006). Based on the CSA, as explained in the Table 13, the key elements of the conceptualized CVP are: points of difference and justifiers in the case company's operations are "*wider partnership network than rivals, locality and superior customer service offering through optimized customer portfolios*". Monetary value will be created to customers by offering "*solutions to secure them against financial loss*". Point of parity is "*risk preventing service offering*" because customers expected it and every insurer provides it.

Points of difference / Justifiers	Wider partnership network than rivals, locality and superior customer service offering
Monetary value	To secure micro-customer against financial loss
Point of parity	Risk preventing service offering

Table 13. Table of CVP elements

In the CSA section, identified customer needs were linked to customer service and solutions offered by the partnership networks. For the case company, wider partnership network with the private-hospitals is one way to differ. The case company has a strategic ownership in two of the biggest private-hospitals in Finland. As well, all the other private-hospitals are the case company's partners which mean that the customers can use their services. For the customers this unique partnership network makes possible to get fast and superior service for the health care insurance solutions. When the private hospital network is wider than competitors it is a clear competitive edge in service offering. The case company has to keep the customers aware about the changes regarding the private-hospital network, as the resonating focus type of the CVP requires. After all, the current partnership network comparing to competitors is superior and the case company has to maintain and develop it all the time.

According to Accenture (2015) in the future the importance of the healthcare and well-being solutions offering emphasize inside the companies. One concrete solution for the

case company is to expand its current service offering to health care sector like one of the key competitors Pohjola Insurance and Omasairaala concept has done (see section 4.5.1).

Based on the CSA, the current CVPs one weakness regarding the partnership network was the lack of current bank service provider's service offering for the micro-customers. The key-competitors have connected the bank and insurance services together in a superior way and are forerunners comparing to the case company. The case company current bank partner, the S-bank is much smaller comparing to the competitors bank partners. The S-Bank has its own customer segment and strategy which offers services only to private customers and bigger corporates than micro-customers. Based on the CSA results the case company should be looking for a more versatile bank partner to offer financial solutions. A new bank partner who offers the financial services to the micro-customers would support the cross-selling with bank and insurance solutions and increase the customers' commitment to the case company. In this study the current partnership will be leave out because of its challenge in bigger picture. Based on it, the wider partnership network as point of difference will be excluded.

According to appendices 1-2, superior customer service and local service proving were identified as the most important customer needs as well issues in differing. The case company has a wider branch office network than its rivals and by mutuality customers own the company. Being a local partner to the customers is something that customers value and appreciate. A regional company network gives the competitive edge in local service offering. Currently, the sales agents' customer portfolios are optimized by the amount of the customers. Thus, when the customer portfolios include fewer customers better service can be provided.

Digitalization is one way to develop the local services as well. When the insurer has good, easy access and versatile online service, customer satisfaction grows and customers stay longer as a customers. Different smartphone applications which are developed mainly for creation value to the micro-customers will give a competitive edge comparing to rivals. One concrete suggestion for an application would be that all case company customers would have an access to a portal where companies could offer benefits for each other like discounts for certain services and cross-sell their products and offering inside the portal.

The monetary value element in this proposal is to offer solutions to the micro-customer that secures from financial loss should an accident happen. As identified customer needs revealed, the customers expect to get the right solutions and if an accident happens, the claim process has to work. Monetary value to the micro-customer is created by offering the right solutions to protect them from financial loss.

This study focuses on building a conceptualized CVP to the micro-customers. The defined superior customer service offering is the only point of difference that this study focuses on. Monetary value in the proposal will be securing micro-customers' from financial and point of parity will be risk preventing service offering.

5.4 Proposal Draft and Recommendations

Figure 15 visualizes the proposal draft of this study. Action plan for implementing the proposal to case company's daily use will be done. As well, recommendations and feedback will be collected as Simons (2014) suggested in Section 3.2.

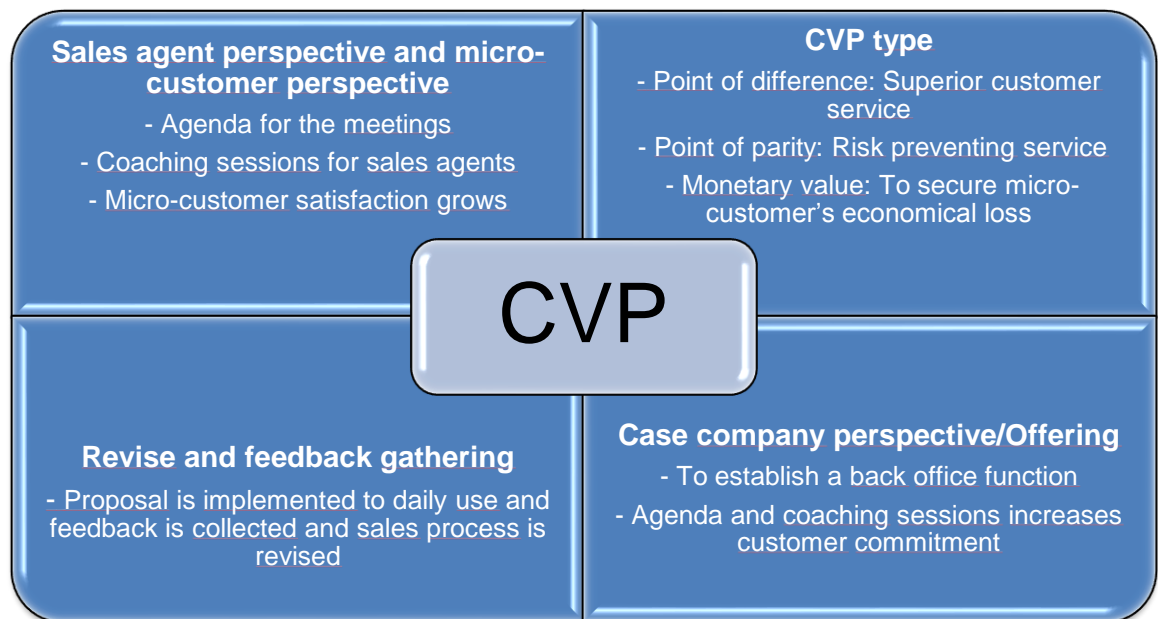


Figure 15. CVP draft proposal

The conceptualized CVP proposal in this study consists of the many elements. Superior customer service offering is the key point of difference of the proposal. The proposal creates monetary value to the customers by offering solutions to secure micro-customers against financial loss. Point of parity element is risk preventing service offer-

ing. The proposal is based on improving the sales agents' role because when the sales agents' expertise is on a better level then the customer value grows through the trust and the case company can keep and commit the micro-customer as customers for a longer time. Based on the result of this section, the action plan for the future is to conceptualize the current CVP by investing in sales agents by growing their expertise and coaching them. Additionally, a modification of the current customer account management model is needed.

Firstly, the proposal considers improving the sales agent expertise by offering an agenda for the meetings. The proposal includes implementing an agenda into practice for the sales agents use. The agenda will be utilized in the face-to-face meetings and annual meetings with the micro-customers. The agenda will help the sales agent in identifying the customer needs and finding out the micro-customers' value attractions. Moreover, the agenda provides a systematic frame for the meeting. Based on this study the systematic agenda for the sales agents' use will be established and introduced. The agenda will be presented to the case company key stakeholders for feedback. The agenda improves customer service offering as the point of difference element.

Secondly, the CVP proposal introduces coaching sessions in the team's weekly schedule. Based on this study, the sales agents should develop their expertise and selling skills as well by coaching. Sales coaching sessions in teams must be incorporated in the sales agents' weekly schedules, e.g. 1,5 hours of internal sales coaching inside the team once a week hour. To implement this, the sales coaching sessions will be presented to the case company stakeholders in the next section. Accordingly, the point of difference, parity and monetary value as elements of the CVP will improve based on coaching sessions offering.

Thirdly, the CVP proposal recommends that the case company's current customer account model should be modified by implementing a possible back-office function for taking care of the micro-customers. The back-office team or person would help in customer service offering and committing to micro-customers. The current commission model for the sales agents should be developed to support more strongly the micro-customers commitment and care. At least the internal communication between the sales agents and the case company must be increased so the benefits of the customer

case can be presented. Based on the stakeholder interview, other organizations inside the case company have positive experiences of the back-office team functionality.

The current customer account management model modification and development will be discussed with the key stakeholders. The other development idea is to modify the current commission model to support more customer commitment and care more strongly. The conceptualized CVP will improve and all parties will benefit from this modification.

The proposed conceptualized CVP will be presented to the key stakeholders of the case company in the next section and feedback will be gathered.

6 Feedback of the CVP Proposal

This section discusses the feedback of the conceptualized CVP proposal. The final CVP is established and recommendations for the future are given in this section.

6.1 Description of the Feedback

For building the final proposal, the conceptualized CVP for the micro-customers was presented to the case company key stakeholders. Feedback was collected from the key internal stakeholders by a theme interview. The participants of the interview were the case company's top management (details in session 2.3). The theme interview consisted of three different topics: ***Sales agents and micro-customer perspective; to implement an agenda for the sales agents' daily use and start the coaching sessions in teams. Case company perspective; the current customer account management model modification. Additionally,*** the identified point of parity, difference and monetary value was presented to the key stakeholders.

6.2 Feedback of the Final Proposal

The proposal was introduced to the case company key stakeholders and feedback was collected by discussing the findings. The feedback of the final proposal is summarized in the subsection below.

6.2.1 Agenda

The initially created agenda (appendix 5) was introduced to the case company stakeholders. The agenda was seen very useful for supporting the face-to-face meetings between the sales agents and micro-customers. The stakeholders' opinion was that the agenda will give a more systematic frame for the meetings and supports the customer needs mapping. When the sales agents have a systematic frame in the meeting, the meeting is easier to execute and all important issues will be considered. One stakeholder suggested that the created agenda could be modified more individually, because every sales agent has a different way to operate in the meeting. This was seen

as a useful idea and initially created agenda can be modified to fit the sales agents' own use and frame for the meeting.

Based on the interview the key stakeholders will implement the use of the agenda into practice. In the future the purpose is that agenda will be used in every sales meeting by the sales agents. According to the interview the use of an agenda will be connected to study customer satisfaction as a continuous inquiry.

6.2.2 Coaching Sessions

According to the feedback from the interview, weekly coaching sessions was seen as a positive solution which will be implemented to use by the sales teams. The current sales agents team will start to have about 2 hour coaching sessions every week. The coaching sessions include practising selling skills, customer case training and finding out the customer needs better. The purpose of the coaching sessions is to develop the sales agent expertise and selling skills. The team leader and managers are in a key role in implementing the coaching sessions and feedback must be collected according to the key stakeholders.

The feedback of the sales agent was that coaching sessions improve the sales agents' selling skills since selling can turn into a routine after a while, if not developed constantly.

6.2.3 Customer Account Management Model Modification

The back office functionality to help the customer service offering was received in a good way in the interview. The back office team proposition was seen as a diverse service which would support the commitment of the customers. The back office team would help in micro-customer service offering and it would decrease the sales agents' workload in customer care. One key stakeholder explained that the main job of the sales agent is to sell the case company's solutions to a new customer but the back office team would support in keeping the customers as a customer for a longer time. One concrete suggestion was to implement the back office functionality with the current account management team of a middle sized company together.

The commission part was seen as internal communication challenge which should be modified as soon as possible. Firstly, inside the sales agents teams an information session about the commission model should be held. The current commission model benefits must be communicated more broadly and feedback must be collected. According to the key stakeholders an action plan to develop commission issue should be created immediately.

One important observation in the interview was that the back office functionality will increase costs which must be considered more carefully and the benefits must be calculated. According to the key stakeholders, this kind of changes is not so easy to execute, which is why to establish the back office team should be introduced as a business case.

6.2.4 Point of Difference, Point of Parity and Monetary Value

The key elements of the CVP proposal, as seen in Table 14, were presented to the key stakeholders of the case company for collecting feedback. Based on the interview superior customer service offering was seen as key point in differentiating. By offering superior customer service, the case company can gain a clear competitive edge. Customer service belongs to the case company's values as well. Superior customer service was seen as the most important part of the CVP and providing the agenda for the sales agents' use and arranging coaching sessions will support in customer service offering.

Points of difference / Justifiers	Superior customer service offering
Monetary value	To secure micro-customer against financial loss
Point of parity	Risk preventing service offering

Table 14. Key elements of the CVP

Feedback about the monetary value was that securing micro-customers from financial loss is something that customers really values. One of the key stakeholders explained: *"securing customers businesses against financial loss is maybe the most important issue to the customers, because if the customer's business stops the profit decreases as well."* When the sales agents' expertise is on the better level, customer value gains. Additionally, the solutions against the customers' financial loss is offered more widely.

Point of parity as risk preventing service offering was seen as an important issue which must be developed. The provided agenda and coaching sessions are something which can increase the risk preventing service offering expertise and customers values it.

6.3 Final CVP and Recommendations

As visualized in Figure 16, the conceptualized CVP of this study is built to support the sales agents' daily job and creating value to the micro-customer and the case company. The final CVP consists of point of difference which is superior customer service offering, point of parity which is risk preventing service offering and monetary value by securing customers against financial loss. By connecting other elements which are the sales agent, the micro-customer and the case company perspectives, the resonating focus CVP is developed.

From the sales agents' perspective, providing an agenda and coaching session to sales agents' daily use, will improve their expertise. The sales agents get a systematic frame and support for sales meetings by providing the agenda. The agenda provides a tool for the customer meetings and will support the sales agents' job. Based on this study and feedback collected from the key stakeholders, the agenda is recommended to be implemented as soon as possible. Team leaders and managers are in a key role of implementation.

Weekly coaching sessions inside the teams to improve the sales agents' expertise is recommended as well. The sales coaching sessions improve the sales agents' selling skills and expertise. The coaching session will offer help to find out the customer needs more carefully.

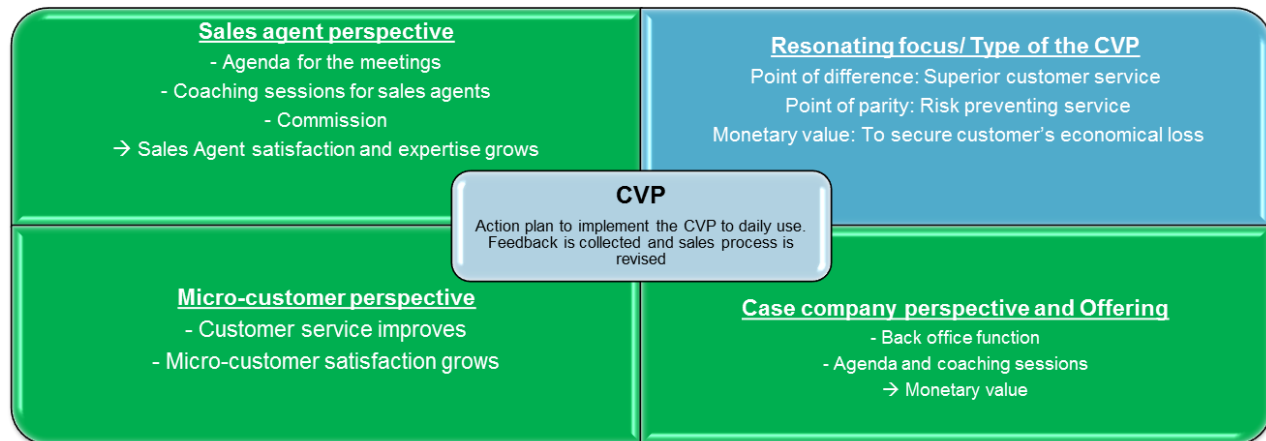


Figure 16. The final CVP

Most of the identified micro-customer needs were related to the contact person's actions. For the micro-customers the contact person is the sales agent. From the micro-customer perspective, superior customer service and customer satisfaction grow when the sales agents' expertise is on a better level. Implementing the agenda and coaching sessions for the sales agents' daily job will support the identified point of parity, difference and monetary value. The risk preventing services providing was recognized as a point of parity in this study. Superior customer service offering was recognized as the point of difference and monetary value to customer is created by securing the micro-customer's financial loss.

In the final CVP the back-office function is recommended to be taken into use and practice, but the top management will have to consider and calculate the benefits more carefully. Revision and collecting feedback for the final CVP must be done continuously for developing and improving the CVP.

The conceptualized final CVP is established by connecting the above mentioned elements as seen in Figure 16.

7 Discussion and Conclusions

This section outlines the process of the Thesis. An action plan for implementing the CVP in the future is provided and evaluation of the study is summarized.

7.1 Summary

This study focused onto building a customer value proposition for the case company, which is one of the biggest insurance companies in Finland. The case company of this study was recognized that micro-customers' changes too often their insurance provider so there is a need to find a way how to increase the micro-customer commitment. The sales for the micro-customers are done by the independent sales agents who get a commission for the sales.

Currently, the case company offers a tailored CVP for the micro-customers and sales agents have a too wide role in fulfilling the customer expectations. The findings in this study were that in the current customer account management model, the sales agents' role is too wide and risky to the case company. Based on this the CVP is conceptualized by offering elements which support sales agent' daily job.

As the outcome, this study proposes a conceptual CVP to the micro-customers' to increase their commitment by offering superior customer service and valuable elements to support case company's internal processes. The proposed CVP consists of point of difference, point of parity and monetary value which increase customer satisfaction. The CVP offers practical tools to support the sales agents' daily work and to grow their expertise.

This study utilized action research approach as a research method. The cyclical process of action research was considered to achieve the object as visualized in the research design in section 2.2. The data collection in this study consists of case company's internal material (appendices 1-4) and stakeholder interviews. Firstly, the objective and outcome were defined together with the case company CEO Jukka Kinnunen and instructor Dr. Thomas Rohweder from the school. Secondly, the conceptual framework was created based on existing literature and available knowledge for building a CVP. The conceptual framework of this study consists of four elements: to connect and match the case company, micro-customer and sales agent perspectives, 1) to choose

the type of the CVP, which was selected to be as *Resonating focus*, 2) to find the features and benefits of the case company offering called justifiers, 3) to find a fit between the sales agent, micro-customers and offering, and match it to create superior value, 4) to collect feedback and revision of the outcome.

Thirdly, the current state analysis was done based on the conceptual framework. The case company current offering and CVP was analyzed to find benefits and justifiers. Micro-customer needs were identified in relation the current offering to find any gaps between them. The identified micro-customer needs were linked to the contact persons trust, expertise and superior customer service offering. Analyzing was based on the case company internal material and existing market research material (appendices 1-4). The gaps identified were related to the sales agents' major role in the current sales process. Based on the information thus gathered, the sales agents' mindsets were analyzed by interviewing three different sales agents. The objective of the interviews was to find the reasons behind the gaps. The analysis of the key competitors was done to find the differentiators as well as strengths and weaknesses comparing to the case company.

The main results of the current state analysis revealed that the sales agents' role in the current sales process is too wide and they need a support for their daily job. When the sales agents' expertise is on a better level micro-customers get superior customer service and customer commitment grows. The current customer account management model turned to be in need of a modification. Based on the findings of the CSA point of difference, point of parity and monetary value was founded and connected to the proposal.

Fourthly, a conceptualized CVP proposal was built by matching the sales agents, micro-customers' and case company's perspectives. Based on the identified weaknesses of the current state analysis, a theme interview with the case company stakeholders was arranged to find out how to address the weaknesses and to establish the action steps. Key conclusions were that in the case company needs to support the sales agents' daily job by implementing an agenda and coaching sessions to improve their expertise and role as a contact person to the micro-customers. Additionally, the current customer account model modification is needed by establishing a back-office team and making the commission model more functional. *Resonating focus* and identified key point of difference, parity and monetary are the key elements of the CVP proposal. Re-

vising and getting feedback on the proposal in action plan form is important when implementing the CVP to daily practice.

Finally, the identified modification and development actions were introduced to the case company key stakeholders for gathering the feedback for the CVP proposal. The key stakeholders realize the need for current state development and the ideas proposed in this study will be implemented to practice.

The final conceptualized CVP to micro-customers consists of point of parity as superior customer service offering, point of parity as risk preventing service offering and monetary value as securing micro-customers against financial loss. The CVP will be improved by providing a concrete tool to improve the sales agents' selling skills and expertise: agenda and coaching sessions. Moreover, the current customer account management model modification is considered in the final CVP and evaluated in the future. The provided action plan on how the final CVP is implemented to sales agents' daily use is important to manage. By revising and collecting feedback the CVP will improve in the future. However, the management team has a major role in incorporation the agenda and sales coaching sessions into team practice.

Based on the outcome of this study, the sales agents obtained valuable tools for growing their expertise and selling skills. For the future, further research idea would be customer account management model developing. If the micro-customers would have more systematic model for taking care of them, customer satisfaction and commitment would probably grow.

7.2 Action Plan to Implement the CVP in Practice

To implement the final CVP in practice the current management and team leaders have a major role. According to the key stakeholders (see Table 5 in section 2.3) interviews the case company's intent is to implement the agenda and coaching sessions to the sales agents' daily use. Team leaders and managers should commit their teams to taking the agenda and coaching sessions to use as soon as possible.

The provided agenda (appendix 5) will be introduced to the sales agents in the next team meeting and the purpose is to take the agenda to daily use as soon as possible.

The feedback about the use of the agenda will be collected from the sales agents once a month by interviewing. From the micro-customers the feedback will be connected to customer satisfaction inquiries. The purpose is to take the agenda to daily use immediately as visualized in Table 15 below.

IMPRO- VEMENT AREA	KEY AC- TIONS	MEASURE / TIMING	RESPONSIBLE PERSON/DEPT
Sales agent expertise	Agenda	Immediately – 1 month	Sales Director of micro-customer segment
Sales agent expertise	Coaching sessions	1-2 months	Sales Director of micro-customer segment
Customer account management model	Back office functionality	3-6 months	Corporate Business Director and CFO

Table 15. Action plan

According to the feedback of the internal stakeholders the coaching sessions are implemented to weekly use within 1-2 months. Sales agents' expertise must be developed by offering weekly coaching sessions as soon as possible. The Sales Director who is in charge of the micro-customer segment is responsible for implementing the coaching sessions to practice.

Customer account model modification is a longer process. The case company key persons have to calculate the benefits of the back-office functionality and research the findings very carefully. The CFO and Corporate Business Director are responsible for this and feedback will be collected in the future.

7.3 Evaluation of the Thesis

This sub-section discusses the evaluation of the Thesis. The accomplished reliability and validity are discussed and explained. The outcome of this Thesis is evaluated against the objective.

7.3.1 Reliability and Validity

To ensure the validity and reliability in this Thesis, several steps were considered as the presented plan (in Section 2.4) states. The first step of this thesis was the meeting the case company CEO Jukka Kinnunen, who expressed the need of this research. The research plan was introduced to the instructor Dr. Thomas Rohweder from the school who approved the plan. This research process was done in four months and the study had a specific business problem of the case company and the object is to solve that problem. The results and outcome were analyzed together with the key stakeholders from the case company and the sales agents. Action research was the approach of this qualitative study. The researcher's role as the case company management did help in data gathering like scheduling interviews and internal data collecting.

The data was collected systematically and documented properly during the process of this Thesis. The gathered data were based from various internal sources from the case company and theme interviews. In the Data 1 collection, the gathered data was based on from two internal market research material (appendix 1 & 2) and internal documents (appendix 3 & 4) which were provided by the external consultants together with the case company marketing department. Thus, the data from marketing researches and internal documents are secondary. Considering the reliability of the Data 1, triangulation was applied with the three sales agents' who was chosen for the interviews had different backgrounds, experience, success and ages for getting the diverse point of view. Thus, if the amount of the interviewees would have been more like double the result would be more reliable as well.

Data 2, the theme interview with the internal stakeholders was organized to get wider approach in developing the CSA results. For increasing reliability the internal stakeholders in data collection were from different sources; two sales directors and one sales agent. The sales directors are in charge of the sales channel of the sales agent's which increases the reliability as well and sales agents' opinion was crucial when the

proposal was built and developed. If the interviews would have been structured the researcher's influence to the interviewees opinions would be minimized.

The collected feedback in Data 3 was from different sources. The theme interview with the key internal stakeholders was arranged for getting more diverse point of view and to make an action plan how to implement the final CVP proposal. The key internal stakeholders consist of three people; corporate business director, sales director and CEO which increases the reliability of this study because of their key decision making role in the case company.

The data collected from various source and in every interview the notes were taken properly which increases the validity and reliability of this Thesis. Currently, the improvement ideas based on this Thesis are introduced and implemented to the case company's daily practice. For further improvement the key stakeholders decided to gather feedback once per quarter year of the provided improvement ideas of this study.

7.3.2 Outcome vs Objective

The objective of this study was *to establish a conceptualized customer value proposition to the case company corporate micro-customers.*

The proposed final CVP in this study was seen valuable by the internal stakeholders. The case company challenge is to commit micro-customers for a longer time to be as customers. Sales agents are in a key role in the case company's current account management model for service offering to micro-customers. Based on this study, the case company realized that challenge of the micro-customer commitment is internal. The sales agents' expertise and customer account management model must be developed and improved which, in turn, affects the micro-customer satisfaction in a positive way.

This research was seen important in developing internal processes like customer account management model and sales agents' role. The objective of this study was to make an action plan to implement the conceptualized CVP to practice. The final proposition and action plan is implemented in sales agents' daily use immediately and feedback for the proposition functionality will be collected systematically in the future.

This research fulfilled the action research's criterion as being iterative process and for the practical outcome which achieved. This study accomplished together with people who are key persons in the case company and whose aim was to find a solution to keep micro-customers as customers for a longer time. According to Järvensivu (2014) action research includes next steps; facts, intervention, results studying and recommendations and heading results.

At first the facts were gathered by researching the best practice on building customer value proposition based on the literature. The literature part of this study led to establishing the conceptual framework which supported the objective in the CVP establishing. Based on the best practices, the CVP proposal consists of point of parity, difference and monetary value. The next part of this Thesis was the current state analysis. The objective of this part was to identify the current state weaknesses and strengths and, based on the information gathered, start building the CVP. The material used in gathering facts was internal documents from the case company, market research material and memos (appendices 1-4). The material was very useful and versatile but secondary data, because it was provided by the case company.

The intervention was the next part of the approach. The results of the CSA were introduced to the case company internal stakeholders in a theme interview for gathering feedback and addressing the identified weaknesses. Based on the information gathered as observations the CVP proposal was build, according to the conceptual framework. The feedback from the internal stakeholders showed that the collected information in the CSA was important and relevant to develop. To get more successful result of the intervention, workshop with bigger amount of the informants would helped.

The last part of the approach was collecting recommendations and changing the aim based on the result. Building the conceptualized CVP to serve micro-customers was next step for reaching the object. The key points in the final CVP considered point of parity, point of different and monetary value through the micro-customers, sales agents and case company's perspective. The gathered feedback and recommendations from the internal stakeholders improved the success of the outcome. The outcome of this study was to make an action plan to implement the conceptualized CVP to practice.

During the study the researcher noticed that some of the findings were too complex to include the scope of this study. Based on this study, partnership network and bank op-

erations are issues that the case company key stakeholders must be informed about considering and improving, and suggested to research more. One concrete customer value creation improvement would be to include to the claim process customer promise like IF has done.

Summing up, the objective that was set in the beginning of this Thesis meets the outcome. To evaluate the implemented tools that this CVP offers to the sales agents' daily use will be collected systematically.

All in all, this study was successful from the researcher's and the case company's perspectives. This study provided a practical outcome that the case company can utilize in their business. In general, rivalry in the Finnish insurance industry is intensifying and superior value creation to the customers is necessary. In this kind of service based industry companies differentiating by offering superior customer service increase their competitive advantage. Therefore, customers are one the most important element in insurance businesses and the customers' needs have to be met.

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Appendix 1. Corporate customer research

For the confidentiality reasons the data has been removed. The material has been presented to the instructors.

Appendix 2. Case company customer promise

For the confidentiality reasons the data has been removed. The material has been presented to the instructors.

Appendix 3. Competitor analyse

For the confidentiality reasons the data has been removed. The material has been presented to the instructors.

Appendix 4. Key competitor analyse

For the confidentiality reasons the data has been removed. The material has been presented to the instructors.

Appendix 5. Agenda

For the confidentiality reasons the data has been removed. The material has been presented to the instructors.